



# ***Daily Report***

## **East Asia**

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# Daily Report

## East Asia

FBIS-EAS-95-040

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**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## Japan

### Japan 'Overshadowed' by Sino-U.S. IPR Talks

OW0103051795 Tokyo ASAHI SHIMBUN in Japanese  
28 Feb 95 Morning Edition p 13

[From the "Current" Column by editorial staff member Atsushi Yamada: "U.S.-China Negotiations Give Impression Japan Being Ignored"]

[FBIS Translated Text] The recent Sino-U.S. talks on intellectual property rights [IPR], which were concluded in Beijing, suggest that the time has come for these two economic giants to discuss Asia's important issues in defiance of Japan. Like the United States, Japan is also annoyed by Chinese piracy of its compact discs and computer software. However, the government has not surveyed the damage the illicit copying inflicts on Japan.

In Japan, several government offices are responsible for the protection of intellectual property rights. For example, the Cultural Affairs Agency [CAA] is in charge of copyrights, and the Ministry of International Trade and Industry [MITI] is responsible for the protection of patents and new designs for practical use. The Foreign Ministry and MITI take care of negotiations on intellectual property rights.

An official at the CAA's Copyright Division said: "We invite Chinese officials in charge to seminars and study meetings on the copyright system. But we have not conducted a survey on damage." An official at the MITI's Intellectual Property Rights Policy Section [name as published] also said: "For fear of jeopardizing trade with China, Japanese companies are reluctant to bring up intellectual property rights issues." Because of this, the government has not begun negotiations and other efforts to protect intellectual property rights from Chinese piracy.

Nintendo Co., Ltd. has suffered damage from Chinese illicit copying of its home-use TV game machines. A Nintendo official said: "We made a thorough examination of our damage and submitted a report to the U.S. Trade Representative (USTR) Office through U.S. Nintendo. Although we asked the USTR to negotiate with China on our behalf, we have not made the request to the Japanese Government because we think it will have difficulties negotiating with China."

Meanwhile, Beijing has begun to show signs of "making light of Japan." Citing China's aggressive attitude toward Japan in a recent meeting between Prime Minister Tomiichi Murayama and Chinese President Jiang Zemin held at the time of the Jakarta summit of the Asia-Pacific Economic Cooperation forum, and in negotiations over Japan's fourth set of yen loans to China, many Japanese officials in charge of negotiations with Beijing said: "This is a sign of China beginning to make light of Japan." Now that an investment boom is taking place in China, Japan's diplomacy toward the country based on economic cooperation has become useless.

To return to the international community, China has to improve its relations with the United States. The country appears to think that if it can get along well with the United States, it will also be on good terms with Japan.

Although China places importance on relations with the United States, it took a firm attitude in the recent negotiations on intellectual property rights, thus giving the impression that the country is a tough negotiator. In the end, the United States compromised but gained a strong foothold in the Chinese market. The recent talks between the two utilitarian economic giants indicate that Japan is increasingly being overshadowed by them.

### Tokyo To Release Deregulation Interim Report

OW0103121295 Tokyo YOMIURI SHIMBUN in Japanese  
1 Mar 95 Morning Edition p 2

[FBIS Translated Text] On 28 February, the government firmed up a plan to specifically list regulations to be relaxed in an interim report to be released on 10 March prior to setting a five-year plan for the relaxation of regulations. With regard to regulations that are difficult to ease, the government will specifically indicate the reasons for this in the interim report.

The government's plan can be taken as a desperate step to show its accomplishments in the relaxation of regulations at a time when questions are being raised about how far the government is able to relax the regulations in the face of resistance from the business community and government ministries and agencies.

In the interim report, the government will indicate progress in the study of deregulation by classifying the regulations into three categories—"regulations to be relaxed," "regulations under study," and "regulations hard to relax." The government plans to release the interim report on 10 March.

In the interim report, the government will include regulations that have already been relaxed in the "regulations to be relaxed," but it will list "as specifically as possible" future "regulations to be relaxed." As for the "regulations under study," the government will clearly indicate progress, and as for "regulations hard to relax," it will cite the reasons.

### U.S. Northeast Asia Security Report Reviewed

OW0103054995 Tokyo NIHON KEIZAI SHIMBUN in Japanese  
28 Feb 95 Morning Edition p 8

[By correspondent Takeshi Haruhara]

[FBIS Translated Text] Washington, 27 Feb—On 27 February, the U.S. Department of Defense released a report entitled "The Security Strategy for East Asia and the Pacific" which calls for the continued forward deployment in Northeast Asia of U.S. forces. The report explicitly states that the United States in the future will keep U.S. forces stationed in Japan and South Korea at a level of 100,000 personnel, and it emphasizes the need



for multilateral security consultations in Asia through the 21st century. In terming Japanese-U.S. security arrangements the "centerpiece of the United States' security policy toward Asia," the report says that the United States characterizes Japanese-U.S. security arrangements as the pillar of future relations between Japan and the United States.

In the report's lead paragraph, U.S. Defense Secretary Perry points out that two reports submitted in 1990 and 1991 stated that with the end of the Cold War, the "United States will continue to cut back on forward-deployed U.S. forces throughout the 21st century." In noting that the "United States reaffirms in the lead paragraph of the report that it will keep U.S. forces (in the Asia-Pacific) at a level of 100,000 personnel," the defense secretary emphasizes that the Clinton administration has clearly altered its security strategy for the Asia-Pacific region.

In referring to the Japanese-U.S. security alliance, the report points out that "for the United States, there are no more important bilateral relations than those with Japan," and it states that these alliance relations of Japan and the United States have become a major factor in determining the stability of the Asia-Pacific region. As for future tasks, the report cites Japan's expanded contributions and stresses that Japan should become more aggressively involved than ever in stabilizing Asia.

With regard to the United States' economy-oriented policy toward Japan which the Clinton administration has pursued over the past two years, the report points out that "trade disputes between the two countries should not be permitted to impair their security alliance." The report proposes that the United States alter its past economy-oriented policy and work to cement Japanese-U.S. alliance relations. The report indicates that both Japan and the United States should seek progress in the field of trade while "raising fundamental economic issues concerning them."

In describing in the report Northeast Asia as a region where the "interests of powers clash," the Pentagon stresses the need for "regional security consultations" to supplement the bilateral security treaty. In citing the fact that five nations—Japan, South Korea, Russia, China, and the United States—have already held talks on the DPRK nuclear issue, the Pentagon emphasizes that the continued consultations between these nations will lead to the establishment of a "forum for holding talks on the security of Northeast Asia."

### **U.S. Security Strategy for Asia Evaluated**

*OW0103015495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Feb 95 Morning Edition p 8*

[By correspondent Hideo Kawai]

[FBIS Translated Text] The United States recently issued a report entitled: "U.S. Security Strategy for the East Asia-Pacific Region." In the report, it characterizes

the Japan-U.S. security alliance as the cornerstone of U.S. security policy in Asia, and indicates the intention to strengthen the bilateral partnership with Japan. It can be said that with the issuance of this report the United States has begun its efforts to rectify its economy-oriented relations with Japan and draw the attention of the two countries back to political and security fields. U.S. President Bill Clinton is scheduled to visit Japan in November. Around that time, the outline of the U.S. plan for the "review of Japan-U.S. security arrangements" will be known.

The recent report should be considered an "introduction" that will lead to the main subject. The report calls the "Japan-U.S. security alliance the linchpin of U.S. security policy in Asia" and urges Japan to "make further contributions to regional and global security." If that is all the report has to say, it is nothing more than often-repeated arguments on the spirit of the Japan-U.S. security alliance.

The objectives of the report appear to lie beyond such arguments. During the present situation, in which the nuclear threat from the DPRK (North Korea) still lingers and the future of China after the death of paramount leader Deng Xiaoping remains unclear, what security policy it should adopt for Asia is the major question for the Clinton administration. A matter of primary concern for the United States is how it can reduce its security burden and establish an effective security framework, while maintaining its strong leadership in Asian security. The U.S. review of Japan-U.S. security arrangements is a big step toward achieving its objectives, and toward establishing a multilateral security organization or committee for the time being in Asia, in which Japan and the United States will play the most important part.

A U.S. Government official said: "Assistant Secretary of Defense Joseph Nye (in charge of international security issues) compiled this report. What he discussed in the report are not abstract plans, they are concrete plans." In effect, there is a plan to issue a joint security declaration during the forthcoming Japan-U.S. summit meeting to be held at the time of the Osaka summit of the Asia-Pacific Economic Cooperation (APEC) forum scheduled for November. The review of Japan-U.S. security relations has already begun.

As the first step of the review, the United States will ask Japan to expand its cooperation for UN-led peace-keeping operations (PKO), boost the exchange of military technology and information, promote talks on the theater missile defense (TMD) system, and make contributions to efforts to settle the North Korea issue. Redefining the Japan-U.S. security system will lead to the reconfirmation of security obligations and responsibilities. Security arguments are likely to heat up as Japan-U.S. security talks progress.



### Editorial Urges Improvement in Ties With U.S.

OW0103050595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Feb 95 Morning Edition p 2

[Editorial: "One Year After Having Said 'No,' Japan Is Being 'Passed'"]

[FBIS Translated Text] About a year has passed since Japan and the United States had that memorable summit meeting at which Japan said "no" to the United States on demands under the economic framework talks. Initially, some called this [saying "no" to the United States] the first step toward "a mature Japanese-U.S. relationship," but we wonder how the two countries' relations have matured in the past year.

The reason why the negotiations broke down in February 1994 was that Japan resisted to the end of the framework talks the United States' demand on setting "numerical targets"—and on assessing the progress of Japan's market liberalization through the use of objective numbers. Japan insisted that these would lead to "managed trade."

At that time, in speaking to reporters who were stunned by the news of the talks having broke down, (then) Prime Minister Morihiro Hosokawa said: "We need a little cooling-off period. Let's cool our heads for a while. But if we look back at what has happened since then, we cannot say that the relationship between the two countries has matured any more since that point."

Of course, there have been the unfortunate circumstances of the political situations in both countries having been rather chaotic. In Japan, the government has changed hands time and time again. In the United States, the Clinton administration has had to deal with the problem of not being too popular, thus losing majorities in both houses of Congress. It has become a lame duck. We would like to ask whether in the meantime the trend of looking inward has not developed in both countries, thus decreasing concerns about and interest in each other. It is not bad to cool people's heads, but it is not good to cool people's concerns and interest themselves.

In an interview with a NIHON KEIZAI SHIMBUN reporter, a senior U.S. Government official indicated that his government is departing from its position of placing too much emphasis on Japan, saying, "The policy on Asia no longer is focused on Japan, and it has been changed in the direction of looking at the whole of Asia." We must note also a move by an influential U.S. think tank to propose scrapping the Japan-U.S. Security Treaty altogether.

A year ago, the U.S. Government, which had believed that an ambiguous Japan could never really say "no" to the United States, was shocked to find that Japan really had done that, and this shock was followed by chaos in its policies toward Japan. More recently, the shock has been replaced by diminished concern about and interest in Japan.

The underlying circumstances of this development are the facts that: 1) The United States has become confident about regaining its economic strength; 2) the United States has made great discoveries in potentials for economic development in China and other Asian countries; 3) Japan's economy is stagnant; and 4) as a matter of fact, the negotiations with Japan have turned out to be not as productive as expected.

In a speech at Georgetown University in November of last year, President Clinton said, "We would like to solidify relations in the two regions of the world which are growing most rapidly—Asia and Latin America." Then he went on to say: "For decades in the past, the United States' basic thinking on economic relations has focused on traditional relations with giant and mature areas and countries such as Europe and Japan. With the new century about to begin, however, we need a new strategy. Newly emerging countries in Asia and the Western Hemisphere—regions that are full of vitality—will come to provide prosperity and energy to us."

The United States has regained confidence in its economy conspicuously. For instance, Treasury Under Secretary Lawrence Summers has declared: "In the past 10 years, the U.S. economy has made a recovery in extensive areas. The private sector's competitiveness is its best in several decades. The prospects for the sustained growth of the economy are the rosier since the days of the Kennedy administration." An increasing number of economists think that "the positions of the United States and Japan in relation to each other in terms of their growth potential have been reversed."

Talk about Japan being a threat to the United States was excessively abundant around the time when Japan, prompted by a bubble economy, poured investment into the United States, but that kind of talk is conspicuously absent these days. Naturally, the mood for Japan-bashing has also diminished. In fact, now the mood is such as to have created a new expression called Japan-passing—meaning passing Japan in going after the growing markets of Asia.

But as far as Japan is concerned, it cannot be so happy about this major development of Japan-bashing changing to Japan-passing. First of all, Japan also is moving to lean toward Asia, and this means that Japan and the United States might come to clash in Asia. This in turn could be a cause of instability not only for Japan and the United States but also for the whole Asia-Pacific region.

Furthermore, while the Japan-bashing seen for a while was excessive, the basic problem of the current-account imbalance existing between the two countries has not been corrected, and thus this can serve as a cause of the bashing resuming. The U.S. trade deficit with Japan for last year announced by the U.S. Department of Commerce was almost \$66 billion, which is an increase of 10.6 percent over the preceding year. This represents the largest figure ever and accounts for 60 percent of the



United States' total trade deficit. Besides, even concerning the current favorable trend of the U.S. economy, which is supporting the United States' confidence in an economic recovery, there are apprehensions about overheating, thus requiring a restrictive financial policy on the part of the government. Given these conditions, it is possible that the present trend [of the United States' ignoring Japan] will not last too long.

Once the upward trend of the U.S. economy is reversed, stinging confrontations in Japanese-U.S. talks might resume. It also can be said that the mass media now are less inclined to talk about Japan being idiosyncratic only because the topic has come to be so common even among the general public.

A sound relationship between Japan and the United States, which are major economic powers, is a grave matter which concerns not simply these two countries but also the entire Asia-Pacific region. It may be said that the Japanese-U.S. relationship has become globalized. Having a sound relationship in substance and deed is as important as is changing perceptions and consciousness.

But for the past year since Japan said "no," neither Japan nor the United States has made substantive efforts to resolve issues pending between them. Japan's structural reforms such as deregulation and administrative restructuring are commitments to the United States, and Tokyo has said that these are also priority tasks domestically. But Japan is only dragging its feet, in putting off action. Even regarding the reform of the special corporations, which should be the starting point for the overall restructuring, all that the government is doing is things which make us think that it is not really serious about the whole matter. All that this shows is that Japan might have said "no" to the United States but that it has never had any alternatives or its own perspectives.

Meanwhile, the United States is incapable of making satisfactory progress in addressing its basic problem of the deficit in its international imbalance of payments—namely in reducing its deficits and in increasing savings. If that country wants to talk about passing Japan while doing nothing about these problems, then this will only help promote the trend of U.S. industry's wanting to make no efforts of its own to break into the Japanese market while wanting its government to do everything for it.

Such conditions in the two countries have caused the Japanese-U.S. relationship to shrink incorrectly in significance in the midst of the world's economic frictions.

The time for cooling heads has long passed. The two countries must not let "their most important bilateral relationship" itself cool as a consequence of them doing nothing about it.

**\* Impact of Republican Win on Bilateral Relations**  
952B0111A Tokyo SEIKAI in Japanese Feb 95 pp 42-45

[Article by Hideaki Kase: "Angry Wave of 1995 Political Situation"]

[FBIS Translated Text] *The U.S. mid-term elections in November of last year ended with "an overwhelming Republican victory." Seeing this result, the Japanese mass media is interpreting it to mean that "the pressure on Japan in trade negotiations will be stronger," but is this really the case? Mr. Hideaki Kase, a commentator on diplomatic relations, explains the "correct view" of U.S.-Japan relations in 1995.*

#### Clinton Becoming a Half-Term President

The U.S. mid-term election was carried out in the beginning of November, and the Republicans won an literally overwhelming victory.

The new Republican-controlled Congress will begin on January 4. Since President Clinton was lacking in leadership, he was staggering even before the election, but it is said that since he suffered a hard blow from the severe defeat of the Democrats, he has lost power, and with two years still left in his term, he has become a half-term President rather than a one-term President.

We should not be dazzled only by the fact that the Republicans have gained control over both the Senate and the House of Representatives after forty years. Certainly it has been forty years since the Republicans last won the majority in the House, and it is the fourth time in the Senate since World War II.

The Republican victory this time has greatly changed a current of politics in the United States which had continued for sixty years. In this sense, it can be said that it is revolutionary. This is something which will change the nature of the United States as a nation. This has closed the curtain on the era of "big government" which was started with the "New Deal Policy" of President Roosevelt of the Democratic Party following the world depression of 1929.

The Democrats have been trying to realize socialism through the power of the government. And it has been supported by the liberal white middle class, liberal newspapers such as THE NEW YORK TIMES, labor unions, minority races such as Jews, blacks, Hispanics, Poles, and Japanese, and the weak of society.

In contrast to this, the Republicans are advocating "small government," "tax reductions," "individual self-reliance," "private service," "decentralization," and "establishment of morality." In contrast to the Democrats being called "a party of administration," the Republicans have been called "a party of managers," including small businesses. The Democrats have been to the left, being a liberal party, and the Republicans have been to the right, being a conservative party.

In this election, the U.S. voters rebelled against "big government." Certainly, it is said that the mid-term election was a vote of no confidence in the current President. Distrust of President Clinton made the defeat



of the Democrats even worse. However, more than that, the Democrats were pushed away by the strong current of history.

Following the mid-term elections, the governors of 30 states are Republican and 19 are Democratic. (One state is independent) Prior to the elections, 20 states were Republican compared to 29 Democratic states. The victory of the Republicans was deep.

The Democrats' traditional stronghold, New York, also was taken away by the Republicans. The states over which the Republicans won a victory hold 73 percent of the U.S. population, and the Republicans won all nine states which have a large population except Florida. The state assemblies also were swept by the Republicans.

#### **Japanese Mass Media's Interpretation of Mid-Term Elections Laughable**

Comments have been seen in the Japanese mass media which say that this election was determined by the voters' anger with Congress. Lately criticisms such as that old congressmen covet special privileges and are serving for special interest groups are getting stronger, but all the incumbent Republican congressmen in both the Senate and the House won elections.

It is said in recent years that there exist two governments in the United States. The Congress is another government. Of course, the administrative government with the President at the top has diplomatic and administrative rights. However, through managing legislative measures and the budget, the Congress has obtained administrative functions by meddling in the details of administration. So it seems that even for diplomacy and administration, the Congress is in the upstream and the government is in the downstream.

President Clinton will be bound up firmly hand and foot by the Republican Congress. And if he tries for reelection in the 1996 presidential election, he will have to be able to catch the wave which brought victory to the Republicans. In presidential elections in the United States, since the candidate who wins the election in each state will win all the voters in the state, it seems that the path to reelection is completely closed at present.

In Japan, when the results of the mid-term elections were confirmed, many comments that the pressure against Japan in the trade negotiations with the United States will be stronger appeared among the Japanese mass media. This is completely incorrect. This is laughable. The Japanese mass media's masochism is strong probably because it is reflecting its readers' tastes.

More than 300 Republican candidates for the House of Representatives gathered on the front steps of the Capitol in September when starting the mid-term election and merrily announced the election pledge "Contract With America."

The "Contract With America" consists of 10 items. Among these, there are public pledges such as increasing expenditures for national defense, setting term limits for congressmen, establishing morality, and imposing a duty to balance the national budget by the year 2002 through a large scale tax reduction for the middle class, a big reduction of the federal government's expenditures, and a constitutional amendment. However the word trade cannot be seen anywhere. It does not touch upon trade issues. Needless to say, Japan is not mentioned. h3  
Republican Victory Will Not Make Pressure on Japan Stronger

The energetic Republican leader of the House, Newt Gingrich, who will be the new speaker of the House, stated that they will fulfill the promises which are incorporated in the "Contract with America" within 100 days after starting the new Congress by enacting them into law. What is important for the Republicans in facing the 1996 presidential election is how far they can go in quickly realizing their fundamental policies.

Therefore, the Republican Congress does not give high priority to trade issues.

Furthermore, in contrast to the Democratic inclination towards trade protectionism due to their supporting base of powerful labor unions, free trade supporters are dominant among the Republicans since the Republican Party is a "party of management." At the beginning of last year, for the ratification of North American Free Trade Association, when President Clinton finally had it passed by Congress he had to ask for cooperation from Republican congressmen since there was strong opposition from the congressmen in the majority party.

The Clinton Administration put priority on U.S.-Japan economic relations rather than on the U.S.-Japan security system, since the Cold War is over. However, as can be seen from Republican insistence on increasing national defense expenditures, they place great importance on national defense and have a stronger inclination towards geopolitical strategy than the Democrats. The Republicans place more importance on the U.S.-Japan alliance relationship than do the Democrats.

"Japan bashing" will decrease in the new Congress. Many powerful congressmen from the Democratic Party who until now have been leaders of "Japan bashing" will either disappear or lose power. In the Senate, Senators Riegle (Michigan) and Danforth (Missouri), who were known as "Japan bashers" will be gone, and in the House, Congressman Gephardt (Missouri) fell from ruling party to opposition party leader of the House. Also, Hollings (South Carolina) and Baucus (Montana) will not be Committee Chairmen.

Of course, it's not that there are no "Japan bashers" among the Republicans. Senator D'Amato (New York), who should be chairman of the Senate Banking and Finance Committee, is one. However, there are only a few compared to the Democrats.



**Clinton—Biggest U.S. "Freak" of Post War**

When the Clinton Administration began, I called it postwar America's biggest "freak administration" and predicted that since President Clinton lacks experience in domestic administration and diplomacy, the United States would be thrown into confusion under the new administration and the U.S. world leadership would weaken rapidly. After being inaugurated, President Clinton placed Japan experts called "revisionists," who had been treated as heretics until then in the United States, at the center of policy towards Japan.

The "revisionists" have preached the heretical doctrine that Japan is a country with a different nature, and since negotiating with them like a normal country will not produce results, it is necessary to take forcible measures.

Furthermore, in the U.S.-Japan relationship, President Clinton put priority on economics rather than on the alliance relationship. The Clinton Administration confronted Japan with a strong face and tried to force "numerical targets," but failed due to strong resistance from Japan. This was madness on the part of the United States.

A partial agreement on the comprehensive economic discussions in the fields of procurement of medical and electrical communication machinery and tools and insurance was reached by the countries, and, by doing this, the U.S.-Japan trade negotiations, which had been covered with abnormal tension since the Clinton Administration started, were put back on track. When two such enormous economies as the United States and Japan have as close of a relationship as today, fierce economic friction will probably continue in the future, too.

Economic friction between the United States and the European Union is also fierce.

**Japan Should Welcome the Republican Victory**

In Asia, Japan and Taiwan should be glad that the Republicans won in both the Senate and the House, and China and North Korea will be disadvantaged. The Republicans view China as an hegemonistic nation and regard it with suspicion since China is forcing military expansion after the end of the Cold War. The Republicans are more enthusiastic about protecting Taiwan.

When the new Congress starts, the Republicans will demand a fundamental review of the U.S.-North Korea agreement surrounding the nuclear capacity of North Korea. The Republicans think the U.S.-North Korea agreement is one-sidedly favorable to North Korea. And they have a strong mistrust of North Korea. The Republicans are insisting that North Korea should immediately accept an inspection of the building which seems to be the disposal facility for nuclear waste (this will come five years from now in the U.S.-North Korea agreement) and immediately transfer control of 8,000 plutonium rods to a third country (10 years from now in the U.S.-North Korea agreement).

In contrast to the Democrats being a party of internationalism, the Republicans have a tone of isolationism in the sense that they put priority on the profit of the U.S. people. The Republicans are demanding a decrease in economic cooperation abroad. Since they are insisting on a decrease in economic cooperation with Russia, U.S.-Russia relations will regress.

The Republican Congress will decrease cooperation with the UN. They will add strong restrictions on contributing U.S. troops to the UN peace keeping operations. Senator Helms, who will be chairman of the Senate Foreign Relations Committee, is famous for hating the UN, so much that he publicly said that "the United Nations is a nemesis of the United States."

The Republicans, trying to weaken participation abroad, will request that Japan accept more defense and international responsibilities in the UN which the United States has borne. Then defense pressure on Japan will likely increase. Especially in the aspect of defense, they will strongly demand Japanese participation in "theater missile defense" (TMD). The United States has changed from being a superpower to a big power after the end of the Cold War, and the result of the mid-term election accelerated this change even faster. U.S.-Japan relations will gradually change to a relationship between two equal big powers.

President Clinton began to edge up to Republican policies after the mid-term election in order to "survive." The President approved the closing of more than 1,000 local offices of the Agriculture Department while increasing national defense expenditures by \$25 billion, and decided to incorporate tax deductions for the middle class in the fiscal year 1996 budget. He has already become a "puppet" of the Republican Congress.

**SDPJ To Present Views on Bases to JDA**

*OW0103095995 Naha OKINAWA TIMES in Japanese  
1 Mar 95 Morning Edition p 2*

[FBIS Translated Text] Tokyo—The ruling Social Democratic Party of Japan [SDPJ] held a meeting of the Disarmament and Military Base Check Team (headed by Keiko Chiba) at the Parliamentarian's Hall on 28 February to listen to a briefing by Defense Facilities Administration Agency Director General Noboru Hoshuyama on progress in solving three pending issues involving U.S. military bases on Okinawa—including the return of Naha Military Port. During the meeting, the SDPJ decided to shape its own views on how to draw up plans for resolving the three pending issues and present the views to the Ministry of Foreign Affairs [MOFA] and the Japan Defense Agency [JDA] before Defense Agency Director General Tokuichiro Tamazawa visits the United States during the May holidays [Japan's so-called "Golden Week" 3-7 May].

At the meeting, Hoshuyama briefed attendees on the tour of Okinawa by Defense Agency Director General



Tamazawa following the recent Japan-U.S. summit. Hoshuyama also briefed them on plans for resolving the three pending issues that were put forth by Tamazawa during his meeting with Okinawa Prefectural Governor Ota. One attendee after another asked: "Will Naha Military Port be relocated to Urasoe or elsewhere? Will Sunabe Communications Station near Yomitan Auxiliary Airfield be relocated to some other place? Whether the communications station is relocated or not will greatly affect the utilization of land returned by relocating the airfield. Is it impossible to halt the live-fire exercise by U.S. forces across Okinawa Prefectural Highway No. 104? Such live-fire exercises should be scaled back across-the-board both on the Japanese mainland and on Okinawa."

In response, Hoshuyama and other officials said: "The relocation of Naha Military Port to one of the existing military port facilities is under consideration, and there are several potential sites for the relocation. If parachute training that has so far taken place on Yomitan Auxiliary Airfield is conducted at Camp Hansen, it will be possible to fully utilize land left over by the shift. It is hard to halt the live-fire exercises. Various ways are being studied."

After the meeting, Hideyuki Maeshima, a member of the project team, "rated the plans put forth by Tamazawa during his meeting with Okinawa Prefectural Governor Ota for resolving the three pending issues as a certain step forward, but added that they are far from meeting the expectations of Okinawans." He went on to say: "The plans have both clear and unclear aspects. I believe that an outline of the plans for resolving the three pending issues will come during Tamazawa's visit to the United States." He also said he would shape the SDPJ's views on how to draw up plans for resolving the three pending issues after coordinating opinions with the SDPJ's Okinawa Prefectural Headquarters and the Okinawa Prefectural Government next week. The SDPJ's views on how to draw up the plans that will be shaped on the basis of the intentions of the SDPJ's Okinawa Prefectural Headquarters will be submitted to the Defense Agency prior to Tamazawa's visit to the United States.

#### **Governor Predicts U.S. Base Plan Ready in Nov**

*OW0103071495 Naha OKINAWA TIMES in Japanese  
1 Mar 95 Morning Edition p 1*

[FBIS Translated Text] In speaking about Okinawa's three military base issues at the regular Prefectural Assembly session on 28 February, Governor Masahide Ota said he was thinking about setting up a liaison conference where the central and Okinawa governments and other local autonomous governments concerned would be represented, in order to adjust views once there are specific proposals on where to relocate the facilities. He spoke in reply to a question from Kosuke Gushi (of the New Frontier Party).

Asked when he expected the final plan on resolving the three issues to be ready, he said his "personal opinion" is

that a conclusion on it will come in November when U.S. President Clinton comes to Japan to attend the Asia-Pacific Economic Cooperation (APEC) forum meeting.

Gushi asked about the prefecture's concept of measures to deal with the Naha military port and other issues, saying, "It should be necessary to establish an arena for liaison-purpose consultations in which the central and prefectural governments, other local autonomous governments concerned, and intellectuals and academics will participate."

In his reply, Governor Ota spoke positively of the idea of establishing a liaison system, saying: "This matter is being studied by the special working group at present. No conclusion has been reached on the matter yet. We will study it positively if necessary at the stage of having received detailed proposals on sites [to which the facilities will be relocated]."

The prefecture is thinking about adopting a system patterned after one used by Kanawaga Prefecture in resolving the issue of building housing for U.S. troops in the Ikego section of Zushi, in Kanagawa Prefecture. Kanagawa Prefecture played a key role as an intermediary in reconciling the positions of the central government and local residents.

Then, in another question, Gushi said: "Unless Defense Agency Director General Tamazawa and Governor Ota can first agree on their views, it will be meaningless for either of them to make visits to the United States concerning the matter. The two should actively seek to have their views adjusted."

Governor Ota responded: "(As far as the major base issues are concerned) I do not expect the adjustment of views with local residents to be completed by the time I visit the United States in May. Even if the special working group of the Japanese-U.S. Joint Committee were to come up with a solution, that cannot be the final conclusion."

He said he thinks more time will be needed to resolve the issues, and he does not think that the final plan will be ready until "November, when U.S. President Clinton arrives in Japan to attend the APEC meeting." He said this, adding that this was strictly his personal opinion.

#### **Japanese May Not Give Up Derivatives Market**

*OW2802162695 Tokyo KYODO in English 1357 GMT  
28 Feb 95*

[*"News Focus" by Mutsuo Fukushima: "Barings Crisis May Not Scare Japanese From Derivatives"*]

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—The collapse of British merchant bank Barings PLC has shocked Japanese financial institutions already immersed in the global derivatives market, but their greater awareness of its risks is unlikely to persuade them to pull out of the labyrinth.



"Japanese banks will not give up this market, as bank executives will not approve any proposals to do so in view of the need to offset losses from the writing-off of huge bad loans with profits from derivatives," said Takatsugu Nato, professor of political economics at Tokyo International University.

Nato said these bank executives apparently feel they have to make their balance sheets look good to prove their talents even by having the banks speculate in derivatives, as the anemic economy has stripped them of other potential revenue sources to invest in.

A securities industry source also said, "Japanese financial institutions will not be able to avoid continuing to trade in derivatives, as they would otherwise be left out of the global financial industry's trend of using derivatives with greater frequency."

"Ongoing globalization of financial transactions has increased risks and the derivatives are convenient tools to hedge against such risks stemming from cross-border fund flows," he said.

"The biggest task resulting from the collapse of Barings for our industry is how to detect ambiguous boundaries beyond which derivatives would start generating risks of their own," he said.

Derivatives—futures, options and swaps—are contracts tied to the value of commodities, shares or currencies which were created as hedges against fluctuating prices. Speculative trade in them has the potential to result in huge profits or losses.

Briton Nick Leeson, a 28-year-old trading manager at Baring Brothers' Singapore branch, built up a massive long position in futures linked to the Nikkei stock average without hedging his bets, buying the contracts on credit with the obligation to resell them later. The deals resulted Monday [27 February] in bankrupting parent company Barings PLC, Britain's oldest merchant bank.

A market source said the trader appeared to have increased purchases of futures contracts since late January on the basis of his assumption that the index would hover around 19,000, while increasing selling contracts on bond futures on his judgment that interest rates would rise.

When the index sank to 17,830.02 last Thursday, Barings' already huge losses were amplified and it was unable to meet demands to cover its swelling losses. The more the index falls with the long positions left open, the greater the trading loss becomes. The index plunged a further 3.8 percent Monday.

The bond market also swung the other way against his bets.

Barings left 16,937 Osaka contracts unsettled with an estimated value of 300 billion yen, the Osaka Securities Exchange said Tuesday.

A source at a major securities company said Barings suffered an additional 20 billion yen in losses for every 1,000-point drop in the 225-issue index.

A former employee of Baring Securities (Japan) Ltd., the Japan branch of the securities arm of the British investment bank, said Leeson "appears to have been trading in derivatives on the basis of his own judgments alone."

"Barings has long had a tendency of allowing traders to have a strong say in decision-making and of ignoring the significance of an in-house section in charge of managing risks," said the employee, who now works for another foreign brokerage house.

The chief of the derivatives department of a major Japanese brokerage house said, "our company has a strict in-house rule banning a trader from betting on deals eclipsing a certain amount in order to prevent a trader from engaging in reckless and indiscreet dealing."

However, the security industry source said such an in-house rule is insufficient to stop a trader from making a huge investment blunder in view of the "complicated mechanism of derivatives products."

"A package of derivatives dealings done by a trader using the high-tech electronics system cannot be speedily comprehended by a third-party supervisor," he said.

"Even if a trader should report derivatives transactions to the management, managers would not be able to make a precise comprehensive appraisal of the complicated package of such deals, even if they understand the meaning of each deal," he said.

Nato of Tokyo International University also warned the current supervisory system cannot prevent the "money game" psychology of a young trader from escalating.

"If a trader ran up losses, he would try to recoup lost ground, while he would enjoy himself if he wins his bets," he said. "Such a situation would inevitably lead to escalation."

"The derivatives market is a zero-sum game, where a winner inevitably entails creating a loser," he said.

Tokyo Securities Co. reportedly ran up a loss of 32 billion yen as a result of derivatives investment on top of a recent string of similar revelations of derivatives-related disasters that pounded out medium-sized Japanese manufacturers.

Nato warned that some day a Japanese financial institution also could incur huge derivatives-related losses, perhaps in the trillions of yen, in which case even the Bank of Japan and the Finance Ministry would not be able to bail it out.

#### **Domestic, UK Central Bank Policies Viewed**

*OW0103123695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Feb 95 Evening Edition p 2*

[FBIS Translated Text] "We neither thought about using this bank's [Bank of England] fund nor advising the



government to use the tax payers' money..." At a news conference held on 27 February, Eddie George, governor of the British central bank, the Bank of England, said he did not think about using private funds to save the collapsed Barings PLC. He explained his stand that the City of London, an international financial center, should maintain the principle of self-responsibility in business management as much as possible despite foreseeable confusion in financial markets.

The governor said "some people asked us why we did not use public funds [to save the merchant bank]." At the same time, he stressed: "It is clear that the recent case is not an issue of general liquidity but simply a problem of one financial institution's solvency. We may encourage moral hazards among the financial institutions if we use public funds." He clearly said that "there is no reason to write a blank check."

Responding to the governor's succinct remarks, Japanese bankers in London are saying that "Japan is like a person from whose bad example one can learn because it is trying to save a credit union, which went bankrupt due to its chaotic business management, by having the Bank of Japan invest in it."

The impact would be quite different should the two types of banks—the Japanese credit union, which keeps money for individual customers, and the British merchant bank, which does business mainly with corporations—go bankrupt. However, it seems that "philosophies" are quite different between the British central bank and Japan, which gives priority to "maintenance of order in the financial world."

#### **MOF: Feb Foreign Reserves Set 'World Record'**

*OW0103085795 Tokyo KYODO in English 0835 GMT  
1 Mar 95*

[FBIS Transcribed Text] Tokyo, March 1 KYODO—Japan's foreign exchange reserves at the end of February increased 2,076 million dollars to set a world record of 125,941 million dollars, the Ministry of Finance [MOF] reported Wednesday [1 March].

The figure topped the previous global high of 125.2 billion dollars set by Germany in September 1992.

The ministry said February was the 12th straight month in which the nation's foreign exchange reserves gained over the preceding month.

The foreign reserves include convertible foreign currencies, gold and international monetary fund special drawing rights.

The all-time-high of outstanding reserves apparently proves that the Bank of Japan actively bought the dollar for the yen to check the yen's appreciation, market analysts said.

A ministry official said the dollar was quoted at 99.40 yen at 9:00 A.M. on Feb. 1 and traded at 96.93 yen at

3:30 P.M. on Feb. 28 in Tokyo dealings, with its monthly high of 99.73 yen posted on Feb. 6 and low of 96.54 yen marked on Feb. 24.

The fluctuation of 3.19 yen during the month was slightly up from 2.88 yen in January and 1.92 yen in December, the official said.

As of the end of December, Japan remained the world's largest holder of foreign reserves for 16 months in a row, amassing 122.8 billion dollars.

Taiwan came second with reserves of 93 billion dollars, followed by Germany with 90 billion dollars. The United States posted 76.7 billion dollars and Singapore 57.2 billion dollars.

#### **Takemura on Higher Yen, Other Financial Issues**

*OW0103120295 Tokyo KYODO in English 1144 GMT  
1 Mar 95*

[FBIS Transcribed Text] Tokyo, March 1 KYODO—Finance Minister Masayoshi Takemura on Wednesday [1 March] warned against speculative moves on foreign exchange markets, which he said had pushed up the yen's value against the dollar within a short period.

Takemura said at a press conference, "it is undesirable for the yen-dollar exchange rate to fluctuate unstably on speculative moves."

In Tokyo, the dollar fell to a new local low of 96.30 yen at one time during the day.

Takemura said the German mark's advance against the dollar on speculative moves induced buying of the yen against the U.S. currency.

"We will closely watch exchange rate developments and take any action in an appropriate and timely manner," Takemura said.

Asked about slumping stock prices in Tokyo, Takemura said only that he wants to continue carefully watching their movements.

He expressed his hope that Japan's gradual economic recovery will help boost stock prices.

Tokyo stock prices finished the day sharply lower with the 225-issue Nikkei Index falling to the year's low of 16,618.71, down 434.72 points from Tuesday.

Regarding the possibility of charges by the Finance Ministry against the former presidents of two bankrupt credit unions, Takemura said there is a limit to the ministry's inquiring into their criminal liability.

He said he supports the criminal complaints filed by Tokyo Kyowa Credit Association and Anzen Credit Bank against their former presidents Harunori Takahashi and Shinsuke Suzuki on suspicion of breach of trust.



"We expect the judicial authorities to uncover the facts and will cooperate as much as possible in their investigation," he said.

As for reports that the Tokyo Metropolitan Assembly is working out a compromise instead of direct financial aid of 30 billion yen in low-interest loans to support a central bank plan to absorb the credit unions, Takemura only said, "the basis of the scheme should not be changed."

Takemura reiterated he believes the assembly will eventually approve the scheme, which he said is aimed at maintaining credit order.

The Tokyo Metropolitan Government, which supervises the two credit unions, has submitted a bill to the assembly to earmark the 30 billion yen in its supplementary budget for fiscal 1994.

But the extra budget could be rejected at a plenary session on March 9 because Shinshinto (New Frontier Party), the largest opposition force in the diet, joined the Japanese Communist Party and other assembly members in opposing the plan.

Some compromise or substitute proposals are reportedly under consideration.

#### **'Little Promise' Seen in Kozyrev's Visit**

*OW0103112595 Tokyo KYODO in English 1006 GMT  
1 Mar 95*

[By Miu Oikawa Dieter]

[FBIS Transcribed Text] Tokyo, March 1 KYODO—Russian Foreign Minister Andrey Kozyrev's visit to Japan this week has been greatly anticipated by Japanese officials, but the trip holds little promise of placing the countries' uneasy bilateral relations on a new footing.

Kozyrev, who was originally scheduled to visit Japan between December and January, is to fly into Tokyo on Thursday [2 March] night from China for a three-day stay and hold talks with his Japanese counterpart Yohei Kono on Friday and Saturday.

Since it is a regular foreign ministerial meeting between the two countries, Kono and Kozyrev will discuss a wide range of bilateral and international issues, including the conflict in Russia's breakaway republic of Chechnya and the current situation on the Korean peninsula, Foreign Ministry officials said.

The focus of the talks, however, as in any other political dialogue between Tokyo and Moscow, is likely to be the long-standing territorial dispute concerning four islands off Japan's northernmost main island of Hokkaido which the former Soviet Union seized at the end of World War II.

But little headway is expected in the decades-long row over the islands of Etorofu, Shikotan, Kunashiri and the Habomai islets—referred to in Russia as the Southern

Kuriles and in Japan as the Northern Territories. Japan has been claiming sovereignty and demanding the return of the islands.

"Unfortunately, there may not be any major progress in the territorial problem during talks with Kozyrev," conceded a top ministry official.

Another senior ministry official said Japan would like to make some progress, however small, toward breaking the deadlock, but acknowledged that even this may be difficult considering the "realities," such as Yeltsin's tenuous position in parliament.

The conflict over the islands has been a stumbling block in relations between Tokyo and Moscow for decades, preventing the two sides from concluding a peace treaty.

Ministry officials said that in the talks with Kozyrev, Japan wants to reconfirm the standing of the Tokyo declaration signed between Russian President Boris Yeltsin and then Japanese Prime Minister Morihiro Hosokawa during the president's Tokyo trip in October 1993.

"We will stress the importance of making specific progress on the problem based on the declaration and urge Russia to show political intention to achieve that," a ministry official said.

The declaration called for a solution to the intractable dispute based on the principles of "law and justice," while confirming that all treaties and international accords between Japan and the Soviet Union will continue to be applied to relations between Japan and Russia.

The political momentum gained during Yeltsin's visit has since wavered, however, due to political instability in Russia and successive changes of Japanese Government.

The visit to Japan by Russian Deputy Prime Minister Oleg Soskovets in late November also failed to provide new impetus toward solving the territorial dispute, partly because his area of responsibility was largely confined to economic affairs.

Kozyrev said in Moscow earlier this week that Russia will try to resolve the territorial dispute with Japan in line with the Tokyo declaration, but added that Russia could not sign a peace treaty until Russo-Japanese relations are comprehensively strengthened, including a bolstering of economic ties.

Japan, meanwhile, remains reluctant to provide large-scale economic aid to Russia because of the ongoing territorial dispute.

Another focus of the talks between Kozyrev and Kono will be whether the two sides can agree on a date to begin official negotiations on fishing rights in regard to waters off the disputed islands.



"Japan is ready to start the talks anytime," said a ministry official. "The ball is in Russia's court."

Japan and Russia agreed during Soskovets' November visit that the informal talks should be upgraded to an official level, but the two sides were unable to commence such negotiations, mainly because Russia was unable to make the necessary domestic arrangements.

Russian patrol boats have fired at, or detained, Japanese fishing boats in the waters near the four disputed islands, accusing the Japanese vessels of poaching in the area.

During informal meetings last year, Tokyo and Moscow were unable to iron out their differences over Russia's demand that Japan purchase fishing rights to operate in the disputed waters. Japan claims that such payments would amount to a recognition of Russian sovereignty over the four islands.

The ministry official, however, ruled out the possibility that the Japanese and Russian foreign ministers will enter into detailed discussions on the fishing rights issue since negotiations are to begin on a working level.

"We want to confirm the importance of the problem and set a date to start the talks as early as possible," the official said.

In Moscow, Kozyrev said he expects there will be mutual understanding on the issue. But he noted that allowing foreign fishing boats to operate in the "Russian waters" is "an unprecedented concession."

#### **Experts Discuss Russian Quagmire in Chechnya**

OW0103065695 Tokyo AERA in Japanese 23 Jan 95 pp 25-28

[Article by AERA editors Koji Yoshii and Shunji Taoka: "Russia Is Drawn Into the Quicksand of the War in the Caucasus"]

#### **[FBIS Translated Text] Yeltsin Is Surrounded by Foes on All Sides**

"Our country is carrying out military operations in the Caucasus, just 15 years after the outbreak of the Afghanistan War. The military authorities do nothing but veil the truth from the public, as they did 15 years ago. Our sons are now forced to throw away their lives, following a decision made by a small number of people. I ask all people opposed to this war to sign the following letter."

To: President Boris Yeltsin  
The Kremlin  
Moscow

I am against the war in Chechnya. Please send our soldiers back to their hometowns.

Signature:  
Address:

Russian President Boris Yeltsin has been surrounded by foes, since he sent troops into Chechnya, in southern Russia, at the end of 1994. His popular rating hit an all-time low in a recent public opinion poll. Only 22 percent of respondents expressed support for Yeltsin, while 75 percent said they were against him.

The above-mentioned appeal to the public was published in the MOSCOW NEWS. Who made it? None other than former First Deputy Prime Minister Yegor Gaydar. This is the same man that spearheaded Russia's economic reforms, including price liberalization, and privatization of state-run businesses. Although he left the government some time ago, Gaydar and Yeltsin were still supposed to share similar views. However the situation changed when Gaydar severely criticized the president's decision to send troops into Chechnya.

Until now, Russia's Choice, led by Gaydar, has been the most important supporter of Yeltsin, who does not belong to any political party. However, the moment Gaydar turned against him, Yeltsin lost his foothold in parliament.

In addition, former Moscow Mayor Gavril Popov, who has been pushing for the formation of a "Democratic Alliance" to support Yeltsin's reelection, suddenly called for the resignation of the cabinet en bloc.

Meanwhile, Grigory Yavlinsky has begun to say that the next presidential election should be held this year rather than next year. Yavlinsky is also a reformist, but he does not align himself with Yeltsin, Gaydar, and Popov. Until now, the demand for an early presidential election was advanced only by those opposed to Yeltsin's economic policy, namely the communists and the extreme nationalists. The Chechen issue brought about a strange turn of events. It induced the reformist camp to fall into step with old-liners.

#### **A Heavy Financial Burden**

"Yeltsin did something that is rather in the style of Zhirinovskiy." That was the expression used by the Russian media, when Yeltsin decided to send troops into the separatist region. In parliament, Yeltsin could win only passive support from three political groups: The Liberal Democratic Party, led by ultranationalist leader Vladimir Zhirinovskiy, the Party of Unity and Accord, and the December 12 League. Zhirinovskiy, who dreams of expanding Russian territories, probably wanted to see how Yeltsin, who stands on a completely different footing, would settle the Chechen issue.

Yeltsin will certainly run into stronger opposition as the fighting drags on. Until recently, the national budget for fiscal 1995 has been the focus of parliamentary deliberations. The Agrarian Party and the Communist Party have been calling for higher government subsidies, rejecting Yeltsin's austere budget plan. The fighting in Chechnya was a quite unexpected incident.



According to the estimation of Russian newspapers, Russia will have to spend a total of between 5 and 10 trillion rubles in 1995 to pay for its military operations, the reconstruction program, and refugee relief measures. The revenue was estimated at 144 trillion rubles in the 1995 budget plan. The attack against Chechnya was an unexpected false step made by a government that had vowed to sharply cut the budgetary deficit. The Russian newspaper IZVESTIA deplored the situation, saying: "We have been striving to get over the economic crisis for three years. The moment we found our way out, we stepped on a banana skin and fell."

It is certain that parliament will severely criticize the government, not only from the viewpoint of whether or not the military operations are justifiable, but also from the financial viewpoint.

Yeltsin freely changes his footing depending on the situation, because he does not belong to any political party. This tactic is useful in a country like Russia, where democracy is still immature. The country will always be in utter confusion, if the president, who is the highest government executive, were to resign each time something happens.

#### **Will Yeltsin Sacrifice Even His Close Associates in Order To Survive?**

At the beginning, Yeltsin adopted painful shock therapy in order to promote economic reforms. When bitter complaints were heard against the trend of inflation, Yeltsin immediately replaced Gaydar, the then-acting prime minister, with a person of business talent, Viktor Chernomyrdin, in order to defend himself against possible attack. Yeltsin tided himself over the crisis by also changing his economics minister and his finance minister. Yeltsin acted like a lizard, which sacrifices its tail in a bid to survive.

First Deputy Prime Minister Anatoliy Chubays and Foreign Affairs Minister Andrey Kozyrev are now the only remaining members of Russia's original team of reformers.

Even if the war in Chechnya ends within a few days, Defense Minister Pavel Grachev, Interior Minister Viktor Yerin, and Director Stichupashin [name as published] of the Federal Intelligence Agency, will unavoidably come under heavy fire. Chief Presidential Guard Alexander Korchakov will also face criticism, although he is not a cabinet member.

Until now, Yeltsin sacrificed his "like-minded Cabinet members" in order to defend himself. Can he do the same thing this time? That will be the question, because the above-mentioned people are indeed Yeltsin's close associates.

In October 1993, when the White House parliament building was held by hardline deputies, Grachev and Yerin defended the president by sending troops to the building. In this sense, Yeltsin owes them his life.

Meanwhile, Yeltsin is in close contact with the director of the federal intelligence agency, because he receives information from him on a daily basis. As for Korchakov, with whom Yeltsin spends most of his time, he is said to provide Yeltsin with support for his ideas.

If Yeltsin decides he must sacrifice even his close associates, he will have no one to turn to for help in the future. He will become like a king stripped of all power.

Yeltsin also impressed the public as a dictatorial leader by carrying out a sweeping cabinet reshuffle, immediately after the ruble nose-dived against the U.S. dollar in October 1994, to avoid any possible attack on his economic policy. He has become isolated since then.

#### **There Is No Presidential Hopeful Right Now**

"By reshuffling the cabinet, Yeltsin probably wanted to show who was the boss," a Russian political scientist said, in an interview with AERA in Moscow. Yeltsin had to make a show of his presidential power, in order to remedy his declining influence. In other words, the government shake-up proved that Yeltsin's power to captivate the public had declined to that extent.

Most Russian newspapers feel the idea of sending troops into Chechnya came from Yeltsin's close associates who were very anxious to improve his popularity.

According to the Russian political agenda, the upcoming parliamentary election is to be held in December 1995, while the next presidential election is due in June 1996.

Yeltsin will obviously not be able to win re-election if he maintains his current form. However, he gathers strength from the reality that there is no prominent contender at the moment.

When we carefully examine the bitter comments made by reformers, we notice that all of them, except Yavlinsky, leveled their criticism not at Yeltsin himself, but at his close associates. This is because the reformist bloc is conscious that, for the moment, Yeltsin cannot be replaced by anyone else. Western countries basically support Russia's policy toward Chechnya, while condemning the bloodshed of civilians, because they also know the reality that Russia has no major contender for the presidential post.

It will still take few more years before Gaydar or Yavlinsky, who are both of scholarly nature, come to power. Strong charisma is needed when the country is in a state of disorder. It seems Russia will again fall into utter confusion, just as Zhirinovskiy and former vice-president Alexander Rutskoy expect.

#### **The Russian Army Is Driven Into a Tight Corner**

In his younger days, Count Leo Tolstoy fought against Chechen soldiers as an artillery cadet. In his autobiographical novel entitled "Cossacks: the Tale of Caucasia in 1852," Tolstoy described his first campaign. He participated in an expedition across the Chelek River to



subdue nine Chechen guerrillas who had infiltrated into Russian-occupied territory. Although they were in a hopeless situation, the Chechen guerrillas refused to surrender. They sat down and tied their knees together, in order to resist the temptation to run away. Holding their rifles at the ready, they sang a song of death. The novel is permeated with Tolstoy's admiration for these brave guerrillas.

Czarist Russia advanced into Caucasia in the 18th century. It constructed a fortress in Grozny in 1818, to strengthen its control over the region. However, it met strong resistance from Chechen and Dagestan guerrillas in the Caucasus Mountains.

The Russian Army suffered several defeats, succumbing to the sharp tactics worked out by Chechen Muslim leader Shayk Shamiri [name as published]. However, Chechnya was annexed by Czarist Russia in 1859, following the surrender of the Muslim leader. In 1918, right after the Bolshevik Revolution, Chechen people revolted against the Soviet Union, seeking independence. However, the rebellion was put down in 1920. Chechen people were exiled to Kazakhstan during the Second World War, under orders from Stalin, who feared a possible collaboration between Chechens and the German army. They were finally allowed to return home in 1957.

#### **Many Russian Generals Have Submitted Their Resignations**

Chechnya has a long history of resistance and oppression. So, it is only right that the Chechen people fight for independence. Chechnya suddenly declared itself independent in 1991. Russia immediately reacted to this, fearing a domino effect and a possible collapse of the Russian Federation. After it failed to send a special Interior Ministry task force into the region, Russia tried to crush Chechen leader Dzhokhar Dudayev's independence bid by providing military support to anti-Dudayev factions. It was forced to take bold action in the end, because all these efforts proved unsuccessful.

On December 11, Russia sent an army of about 25,000 soldiers and an Interior Ministry force of about 10,000 into Chechnya, which has a population of 1.17 million. Russian troops immediately exerted pressure, blocking Grozny. However, as they could not induce the Chechens to give up, they dashed into the capital city on December 31. Some 10,000 Chechen fighters successfully dispersed Russian troops, sniping at them from the tops of buildings and firing RPG-7 anti-tank, shoulder-held rocket launchers, which have a range of 500 meters.

At least 246 Russian soldiers have died in the war, according to official Russian reports. A 120-strong company suffered a crushing defeat near the Central Railway station in Grozny, while many tanks and armored vehicles were destroyed. Meanwhile, MOSCOW NEWS reported that contrary to official figures, about 1,800

Russian soldiers have been killed in the war. The Russian Army temporarily withdrew from the Chechen capital on 2 January.

Even the Russian vice-minister of defense has begun to openly criticize the troop deployment, fearing Chechen hostilities might become like another Afghanistan war. Many Russian generals have also protested against the military operation by submitting their resignations. The dispatch of troops to Chechnya was decided by Yeltsin and his close associates. Therefore, Yeltsin will inevitably fall from power, along with his close associates, if he decides to pull out the troops after suffering heavy losses.

The Russian Army struck back on 7 January, advancing again into Grozny.

#### **Chechen Fighters Are Going To Launch Guerrilla Warfare**

Mainline Russian troops entered the capital city from the south, and headed toward the presidential palace. They came under heavy fire about 200 to 300 meters short of their destination. Major General Viktor Vorobyov, commander of the Russian Airborne Brigade died in the fighting. Moscow immediately proposed a 48-hour cease-fire, to start at 0800 on January 10, in order to evacuate the wounded and recover the dead. However Chechnya rejected the proposal and the fighting continued.

Soldiers need to be relieved when fighting lasts more than three days. Russian troops were almost paralyzed on January 10, because they had difficulties in getting logistic supplies and rotating soldiers. The bodies of Russian soldiers were lying about in the streets, while wounded soldiers were left untreated. Meanwhile, Chechen fighters, who know every inch of the city, from alleyways to the sewer system, were able to easily attack Russian tanks and armored vehicles from the rear or from the flanks, with their rocket launchers. In field warfare, tank forces can deploy into line in order to defend themselves against a flank attack by enemy artillery. However, things turned unfavorable for them in street fighting.

Even if the Russian Army takes Grozny under its control, the war will probably not end there. Chechen fighters will conduct full-scale guerrilla operations as soon as the capital is occupied by Russian troops. They plan to set up their headquarters in the southern Caucasus and to launch guerrilla actions from there. The main force has already been transferred there. Sources in Grozny said Chechen leader Dudayev had also left the capital.

Karl von Clausewitz, a famous Prussian strategist of the 19th century, said: "If possible, armed civilians should absolutely not be thrown into a tactical defensive war."

Strategically, guerrilla operations are not suited to defending a particular point, such as Grozny. However,



if Dudayev's real intention is to appeal to public opinion inside and outside the Russian Federation by deploying a suicide squad in the capital city, while the main force prepares elsewhere for guerrilla fighting, we have to say that he is a clever strategist.

Dagestan, another autonomous region located to the east of Chechnya, is not seeking independence at the moment. The region has a population of 1.95 million. Ethnically, Dagestan people are close to Chechens. They are also Muslims. They fought against Czarist Russia, along with Chechens, in the 19th century. Therefore, there is a great possibility that the Dagestan people might also participate in guerrilla operations against the Russian Army. Dagestan may also become a consecrated place, if the people offer shelter to escaping Chechen guerrillas. Taking advantage of Russia's confusion, Turkey is now maneuvering to recover its influence in its former territory, namely southern Russia and Central Asia. As a first step, it aims to improve relations with Azerbaijan, which is located to the south of Dagestan. Other Islam nations have also condemned the Russian attack on Chechnya. If these countries were to supply weapons and funds to Chechen guerrillas, the Russian Army would be driven into a tight corner.

Chechens already have a firm grip on the black-market network. They have no problem procuring weapons through this route.

#### **More Russians Will Certainly Try To Evade Conscription**

In order to launch a counter-guerrilla warfare, the numerical strength of the Russian Army should be more than 10 times the number of Chechen fighters, because it will also have to secure the rear, including the supply line, against guerrilla attacks.

During the Vietnam War, the United States and South Vietnam committed a maximum of 1.5 million soldiers to the battle, while North Vietnam had a fighting force of only 200,000, including guerrillas. Although the number of American and South Vietnamese soldiers was 7.5 times that of North Vietnamese soldiers, the United States lost the war.

If Russia wants to fight the Chechen guerrillas, it will need a fighting force of more than 100,000. The problem is that nowadays, young Russians tend to evade conscription. In 1989, about 1.6 million Russians were enlisted in the army. However now Russia has an army of only 550,000 soldiers. For instance, one division stationed in Siberia has no more rank and file, only officers. More Russians will certainly try to escape military service once it becomes certain that soldiers will automatically be sent to Chechnya.

Also, the cost of the war falls heavily on Russia. Russia reportedly spent 4 trillion rubles in two weeks, after it sent troops into Chechnya in mid-December. In 1994, Russia's military spending amounted to 37 trillion

rubles. This means that Russia spent more than 10 percent of its military spending in two weeks. The Government will have to issue more paper money in order to fund the fighting. The monthly rate of inflation had dropped to the 4 percent level in the summer of 1994. However, it soared to 16.4 percent at the end of the last year. Chechen hostilities might prove fatal to the weakened army and the languishing national economy.

#### **Tokyo Requests Thai Help To Deal With SLORC**

*BK0103054795 Bangkok BANGKOK POST in English  
1 Mar 95 p 9*

[Report by Nusara Thaithawat in Tokyo]

[FBIS Transcribed Text] Japan has asked Thailand to share its experiences of dealing with Burma's State Law and Order Restoration Council [SLORC], saying the regime's response to its advances has been "lukewarm".

Japanese Foreign Minister Yohei Kono made the request to his Thai counterpart, Krasae Chanawong, during a working dinner last night when they discussed regional security issues, according to highly-placed sources.

The sources said Dr Krasae recommended that Japan put in "a little love", recalling that his teacher at medical school taught him to put love in the prescription when medical science failed.

Mr Kono told Dr Krasae that Japan wished to improve bilateral relations with Burma and had prepared financial assistance, but that the SLORC did not respond enthusiastically, sources said.

Dr Krasae is paying a two-day official visit to Japan. He leaves for Kobe today to visit the site of devastation of the Great Hanshin Earthquake and returns to Thailand tonight.

He attended the Forum for the Comprehensive Development of Indochina on February 26-27, which was hosted by Japan.

On Thai-Japanese bilateral relations, Dr Krasae told reporters late last night that he sought Tokyo's support in narrowing the huge trade deficit between the two countries, in opening its market to Thai agricultural products, especially rice, and in deregulating non-tariff barriers.

"If Thailand can sell its rice to Japan, the Thai people will have more money to buy Japanese products," Dr Krasae said.

He said he mentioned these three key points in Thai-Japanese economic relations during the series of talks he had with key Japanese businessmen in the Thai-Japanese Friendship Association and the Keidanren.

On multilateral issues, Dr Krasae said Mr Kono asked about the situation in Cambodia and Burma and called for Thai support for its efforts to join the ranks of permanent members of the United Nations Security Council.



Asia-Pacific Economic Cooperation was also discussed with both sides strongly supporting trade liberalisation and facilitation in the region and Japan's proposed "Partners for Progress."

"The proposal is a very good idea. Thailand would like to see balanced and just development in the region," Dr Krasae said.

Partners for Progress was officially presented during the last APEC [Asia-Pacific Economic Cooperation] ministerial meeting in Jakarta and called for South-South cooperation, among other development issues. It then received mixed reactions.

Dr Krasae said the meeting with Mr Kono was the "climax" of his visit to Japan, which he described as "an initiation for a new foreign minister."

Earlier today he met with Japanese Technology Minister Mahiko Tanaka and called for Japan's support in the Thai Government's plans to host a World Tech 1995 in Nakhon Ratchasima this November.

Talks also touched on the possibility of establishing an umbrella agreement on science and technology between Thailand and Japan.

#### **Tokyo, Bangkok Agree Not To Isolate Burma**

*OW2802145295 Tokyo KYODO in English 1411 GMT 28 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—The foreign ministers of Japan and Thailand agreed Tuesday [28 February] night that it is important to gradually bring Myanmar [Burma] into the international community rather than isolate the country, a Foreign Ministry official said.

Foreign ministers Yohei Kono and Krasae Chanawong agreed during two hours of talks over dinner that pulling Myanmar into the international community through a "constructive involvement" approach is important for the stability of the whole Southeast Asian region, the official said.

Kono voiced concern that Myanmar's military government is heading toward isolation and that it will be totally isolated if things go as they are.

Krasae was quoted as saying the approach taken by some Western countries of isolating Myanmar will only have negative influence on the region's stability.

The Thai foreign minister also voiced expectations that Myanmar will achieve stability and development and join the Association of Southeast Asian Nations (ASEAN) in the future, the official said.

The official who briefed reporters quoted Kono as telling Krasae that Japan is waiting for Myanmar to send out a message expressing its strong intention to achieve freedom, justice and democratic nation-building.

Japan's humanitarian emergency aid to Myanmar is aimed at urging the country to promote democratization, human rights and a market-oriented economy, Kono said, adding that he does not want Myanmar to misunderstand the aid as constituting approval of the current situation in the country.

Krasae, who was appointed foreign minister only late last week, told Kono he plans to visit Myanmar soon and will convey the Japanese stance to Myanmar.

The Thai foreign minister was in Japan to attend an international forum for comprehensive development of Indochina which was held Sunday and Monday at a Tokyo hotel.

#### **Traders' Increased Move Into Burma Market Cited**

*OW0103061695 Tokyo KYODO in English 0539 GMT 1 Mar 95*

[FBIS Transcribed Text] Tokyo, March 1 KYODO—Japanese trading firms are increasingly moving into Myanmar [Burma], hopeful that the ruling junta's relations with major industrial nations are improving, industry sources say.

Officials at the big trading houses, the spearheads of Japanese industrial moves into new markets, express hope the resources-rich Southeast Asian nation will be a fertile investment ground if Yangon [Rangoon] proceeds with restoring democracy and liberalizing the economy. They also see business chances increasing if the Japanese Government resumes official development assistance to Myanmar.

Japan and other developed nations halted their aid to Myanmar after the military junta grabbed power in 1988 and refused to honor 1990 elections won by the national league for democracy led by Aung San Suu Kyi. Japanese traders, however, say they sense a thaw as the Yangon government has begun talks with the Nobel peace prize laureate, whom it has kept under house arrest since 1989.

Marubeni Corp. recently struck deals for joint ventures to make galvanized steel and soft drinks and is strengthening its ties with the military government to cooperate on airport, communications and other big-ticket projects, officials said.

Mitsui and Co. reached agreement with the junta at the end of last year for a joint venture to conduct feasibility studies on industrial development areas and petrochemical businesses, officials said. Itochu Corp. sent a delegation last year to develop its business in Myanmar, and Sumitomo Corp. and Nissho Iwai Corp. are preparing to increase their local staffs, the officials said.



**More Reports on 'Comfort Women' Issue****Tokyo To Cooperate in UN Probe***OW2702041095 Tokyo KYODO in English 0351 GMT  
27 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 27 KYODO—Japan will cooperate with a U.N. special investigator in looking into the issue of women forced into sexual slavery by the Japanese military during World War II, the government said Monday [27 February].

The Foreign Ministry said in a statement that Japan will welcome the visit by Radhika Coomaraswamy, a Sri Lankan jurist appointed by the UN Commission on Human Rights as a special rapporteur on violence against women.

Coomaraswamy will stay in Japan for about a week in May to collect information on violence against women in Japan, including the problem of wartime sex slaves called "comfort women" in Japan, the statement said.

She will meet Japanese Government officials as well as people from the private sector and nongovernmental organizations, it said.

Coomaraswamy is expected to tour other countries this year and next to compile a report to the UN commission on violence against women.

Historians estimate that 100,000 to 200,000 women, mostly from the Korean peninsula which was under Japanese colonial rule from 1910 to 1945, were forced into sexual servitude in Japanese military brothels during the war.

Some Korean, Philippine and other survivors have filed lawsuits against the Japanese Government, demanding an official apology and compensation.

In a preliminary report submitted last week, Coomaraswamy noted that no one involved in forcing the women to become sex slaves to the Japanese soldiers had been punished.

She said the Japanese Government should punish the people concerned and pay compensation to the women, adding that by doing so it "would set a legal precedent at the international level for the prosecution of perpetrators of systematic rape and sexual slavery in times of armed conflict," such as the recent crimes committed against women in the former Yugoslavia plagued by civil war.

**Compensation Fund Planned***OW2602124895 Tokyo KYODO in English 0844 GMT  
26 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 26 KYODO—The Japanese Government's planned compensation fund for women who had been forced into prostitution for Japanese soldiers during World War II will be distributed

without regard to nationality, paving the way for compensation of victims in North Korea, government sources said Sunday [26 February].

The government describes the fund as a voluntary humanitarian program from the Japanese people, they said.

The government is planning to call for 1 billion yen in private donations to set up a fund as early as this spring to provide lump sums of up to 1 million yen each to the women concerned.

About 150 former "comfort women," as the wartime Japanese authorities called the sex slaves, have been confirmed to be living in North Korea, a nation with which Japan has no diplomatic relations.

The government plans to issue medical vouchers to lighten the medical expenses of former "comfort women."

About 1,100 such women have been identified so far.

The Japanese Imperial Army is believed to have forcefully sent an estimated 80,000 to 200,000 women to frontline brothels. Most women were taken from the Korean peninsula, then under Japanese colonial rule, but some also came from China, Indonesia, Malaysia, the Philippines, Taiwan and the Netherlands.

Tokyo has also decided to assist nongovernmental organizations which support women and tackle humanitarian problems in areas outside Asia, as well as helping Asian organizations.

The government has maintained that the issue of war compensation and reparations was settled through bilateral treaties and that it therefore cannot comply with requests from individual victims of atrocities for direct compensation.

**More on Fund Project***OW0103121895 Tokyo KYODO in English 0854 GMT  
1 Mar 95*

[FBIS Transcribed Text] Tokyo, March 1 KYODO—Japan will continue to push for its project to set up a private compensation fund for women who were forced into sexual slavery for Japanese soldiers during World War II, the government spokesman said Wednesday [1 March].

"We are considering ways to express our feelings, including our heartfelt remorse for what we did to the former (sex slaves), in line with the premier's statement on Aug. 31 last year," chief Cabinet Secretary Kozo Igarashi said at a news conference.

"Our stance therefore remains unchanged," he added.

Igarashi made the remarks in response to the opposition to Tokyo's fund project that former sex slaves and their supporters reiterated in Seoul on Tuesday.



At the close of a two-day conference on the sex slave issue, the women and their supporters adopted a resolution that dismissed the planned fund as "immoral" and an attempt to evade legal responsibilities.

The women want Tokyo to agree that their forcible recruitment was a war crime, while demanding compensation payments to all such women.

Historians estimate that some 100,000 to 200,000 women, mostly from the Korean Peninsula, were forced into sexual slavery during the war.

On Aug. 31 last year, Prime Minister Tomiichi Murayama said in a statement that Tokyo will come up with specific measures to express its repentance and help the victims of Japan's wartime actions.

### **SDPJ Urges Caution on Golan Heights Mission**

*OW0103135795 Tokyo KYODO in English 1327 GMT  
1 Mar 95*

[FBIS Transcribed Text] Tokyo, March 1 KYODO—The Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] agreed Wednesday [1 March] to avoid immediately supporting a proposed mission to the Golan Heights designed to determine whether the Self-Defense Forces (SDF) should join a United Nations peacekeeping force stationed there, party sources said.

The accord has made it difficult to send the mission in April as sought by the SDP's two ruling coalition partners, the Liberal Democratic Party and New Party Sakigake, political analysts said.

The sources said the agreement was a unanimous one taken at a joint meeting of SDP panels dealing with the cabinet, foreign affairs and security.

The UN has said it wants Japanese soldiers to replace 50 Canadian Armed Forces members assisting with transport, who are due to end their term this summer with the UN Disengagement Observer Force (UNDOF), based in Damascus, Syria. The Golan Heights were seized by Israel from Syria in 1967.

The sources said that at Thursday's joint meeting of the ruling coalition's cabinet, defense and foreign affairs committees, the party will press for a more cautious approach to the proposed dispatch of the fact-finding mission.

They said one reason for the SDP decision was that it is not yet clear whether Japan's proposed assistance with UNDOF transport could be interpreted as participation in a combat-linked operation, an activity which has been frozen under the terms of the country's UN Peacekeeping Cooperation Law.

They said another reason for the stand is that the duration of an SDF contingent to be dispatched has not been clarified.

Officials from the Defense Agency, the Foreign Ministry and the International Peace Cooperation Headquarters in the Prime Minister's Office also attended the SDP panel meeting.

The sources said the government officials stressed at the meeting that the duration of the contingent's dispatch could only be decided in consultation with the UN once a dispatch was decided.

When queried over the possibility of SDF members carrying weapons and ammunition from another country, the government officials could only reply that no country would choose to ask another to transport its own weapons, the sources said.

When asked whether or not the UN has formally requested a Japanese contribution to the UNDOF, Foreign Ministry officials replied that it had made "unofficial overtures," they said.

Masaru Hayakawa, who heads the party's panel on security, then proposed the meeting agree to take a "cautious" stand on the issue.

Senior SDP officials in early February moved to suspend the planned government dispatch, agreeing that the SDF should concentrate for the time being on rescue and relief missions in Kobe and nearby areas devastated by the Jan. 17 Great Hanshin Earthquake.

The party subsequently reopened debate on the issue after the Diet passed a second fiscal 1994 supplementary budget related to the quake, but the SDP's influential General Secretary Wataru Kubo then made it clear he favored a "cautious" stand on the proposal.

### **Murayama Government's Stability Questioned**

*OW0103013295 Tokyo NIHON KEIZAI SHIMBUN in  
Japanese 19 Feb 95 Morning Edition p 2*

[FBIS Translated Text] LDP Self-Assertive on Issues of Special Public Corporations and Disaster Relief

There are signs that the political foundation of the Murayama cabinet is becoming unstable. While the cooperative relationship among the three ruling parties has so far been maintained by the Liberal Democratic Party [LDP] and Sakigake making concessions to the policies of the Social Democratic Party of Japan [SDPJ], the rift between the LDP and Sakigake has come to the surface over the issues of reconstruction measures for the Great Hanshin Earthquake and special public corporations; deep mutual distrust has emerged between the two parties. That the LDP and Sakigake will go their own way is inevitable, and the prime minister's SDPJ is not functioning because of internal strife over forming a new party. The yellow light is flashing for the Murayama government.

The LDP, which has so far claimed to "support the Murayama government with a modest attitude" (LDP Secretary-General Yoshiro Mori), has been noticeable



for its "self-assertion" recently. Besides trying to take the lead in discussing reconstruction measures, the LDP has waged a full-scale war against Finance Minister Masayoshi Takemura—who is also the head of Sakigake—and the Ministry of Finance, by demanding the integration of the Japan Development Bank and Export-Import Bank of Japan with respect to the issue of streamlining special public corporations. This appears to be a sudden burst of pent-up discontent by the LDP, which has made concessions on a series of policy decisions because the maintenance of the coalition has been given top priority since the Murayama government was formed.

There has been deep-rooted distrust toward Takemura and members of Sakigake within the LDP that they "kaleidoscopically joined both the old and new ruling coalitions since they bolted from the LDP." The LDP's honeymoon relationship with the SDPJ is also rapidly cooling down due to the SDPJ's internal strife over former SDPJ Chairman Sadao Yamahana's attempt to leave the party, and the difficulties experienced in discussing cooperation in both Lower and Upper House elections.

The tug-of-war over the "Murayama's successor" has also started. A Diet member of the former Watanabe faction commented on Sakigake saying: "It is clear Mr. Takemura cannot be a candidate for next prime minister" due to the confusion over the special public corporations issue. Also, an LDP executive claims: "When Prime Minister Murayama quits, it is reasonable for the post to be handed over to Deputy Prime Minister and Foreign Minister Yohei Kono, the head of the largest force in the coalition supporting the government."

Within the LDP, the rivalry between the Kono party leadership and former Obuchi faction, which considers itself "the central figure in realizing the LDP's coming back to power," is heated. Former LDP Secretary General Seiroku Kajiyama and others are opposed to the moves by Kono and Mori to approach Koichi Kato, chairman of the LDP Policy Research Council, and other members of the "YKK trio" [former Construction Minister Taku Yamasaki, and former Posts and Telecommunications Minister Junichiro Koizumi] as "clearly trying to isolate the former Obuchi faction." On the issue of public corporations, LDP Vice-President Keizo Obuchi and Minister of International Trade and Industry Ryutaro Hashimoto remain cool toward the hardline of Mori and Kato seeking the integration of the Japan Development Bank and Export-Import Bank of Japan. Having the LDP presidential election this fall in mind, the former Obuchi faction is gradually keeping the party leadership at a distance.

### **III Feelings Remain and Sakigake Is in a Delicate Position**

Sakigake is being criticized by both the LDP and SDPJ. In particular, the head of Sakigake, Takemura, is bearing the brunt of criticism regarding the issue of streamlining special public corporations, and there is a residue of hard

feelings toward the LDP and SDPJ within Sakigake. Sakigake's position in the coalition government has become delicate.

Regarding the review of public corporations, there is a voice within Sakigake saying the LDP's plan to integrate the Japan Development Bank and Export-Import Bank of Japan "was intended to place Sakigake in a difficult position, knowing that its proposal cannot be carried out." Although Sakigake attempted to avoid the criticism of the finance minister by proposing alternative streamlining plans that involve other ministries such as the integration of three public loan corporations, it cannot be denied that "Sakigake's image as a party advocating administrative reform was hurt," (a younger Sakigake Diet member). And, there is a voice within the party saying: "We are being too stubborn. Sakigake's proposal is unclear to the public."

Because of this, Sakigake is trying to improve its relations with the LDP by asking to hold a meeting between Takemura and the LDP's Mori and Kato. While much is unclear about how the issue of government-affiliated financial institutions will be settled, Sakigake wants to avoid the situation in which Takemura is isolated. This time, Sakigake is willing to "discuss the issue in a calm, not defiant manner, and to work out a reform plan," according to a Sakigake executive.

With respect to local elections however, Sakigake provoked the antipathy of both the LDP and SDPJ by deciding to support Masayasu Kitagawa, a Shinseito [New Frontier Party] Diet member, in the Mie Prefecture gubernatorial election. As there are a number of Sakigake members who have been close to Kitagawa since they were LDP members, "their relationship with Kitagawa" was given priority over the coalition framework. But, there were some inadequacies in procedure in which their support for Kitagawa was announced before the spadework was done. In the future, there is the possibility that criticism of Sakigake by other parties in the ruling coalition will increase.

### **SDPJ Displeased With Takemura**

Opposition to Sakigake, especially to its leader Takemura, has revived in the SDPJ, triggered by the issue of reviewing special public corporations and the issue over who to support in the Mie Prefecture gubernatorial election. At a meeting of the SDPJ's central executive committee on 16 February, criticism of Takemura was raised repeatedly: "The leader of the party that is supposed to be aggressive in carrying out administrative reform yielded to bureaucrats as a cabinet member." "Mr. Takemura decided to support the SDPJ's opponent immediately after Prime Minister Murayama had asked him to cooperate in the Mie's gubernatorial election."

Within the SDPJ, Murayama's supporters, who acted to establish the coalition government of the LDP, Sakigake, and the SDPJ, and SDPJ Secretary General Wataru



Kubo's supporters, who were negative toward the alliance with the LDP, have been at odds for some time. When Murayama was inaugurated as prime minister, major executives of Murayama's group entered the cabinet, while SDPJ Diet members who support Kubo gained posts at the party's hub. Many SDPJ Diet members in the party leadership still have mixed feelings about the LDP and Sakigake even though the coalition government has been established, and such feelings seem to have burst out over the administrative reform issue.

While Kubo himself regards Sakigake as a whole to be "an important candidate for partner in forming a new party in the future," he is said not to have "friendly feelings toward Mr. Takemura unlike the prime minister," according to a person close to Kubo.

Although the two parties will soon set up a forum to discuss policies, its establishment is still questionable due to the feelings of Kubo and other SDPJ's executives toward Takemura.

#### **Emerging Friction Among Coalition Parties Noted**

*OW0103061795 Tokyo EKONOMISUTO in Japanese  
28 Feb 95 p 18*

[Article by MAINICHI SHIMBUN editorial staff member Keizo Nakamura: "The Paradigm of the Liberal Democratic Party Versus the Social Democratic Party of Japan/Sakigake"]

[FBIS Translated Text] It has been said that sooner or later it would come to the surface. So we could say that it is surprising the issue has not already been raised. I am talking about the friction between the Liberal Democratic Party [LDP] and Sakigake [Harbinger].

For the seven and half months since the Murayama government came to power, on the surface the three government parties have maintained iron-clad unity. This is in substantial contrast to the Hosokawa government, which suffered constant intra-government-party squabbles from its inauguration.

Because the Social Democratic Party of Japan [SDPJ] drew closer to the LDP concerning basic policies, the LDP has paid due respect to the SDPJ by regularly compromising on such issues as the restraint of defense spending. When it learned Sakigake was lukewarm toward the pursuit of a permanent seat on the U.N. Security Council, the LDP also agreed to delete this issue from the Prime Minister's speech on administration policies.

The fact the Murayama government is about to surpass the Hosokawa government in the length of its tenure derives largely from Prime Minister Tomiichi Murayama's personality and from the LDP's generosity in dealing with its coalition partners.

However, on the issue of the amalgamation and abolition of the special quasi-government corporations, the

LDP and Sakigake have clashed head on. The LDP tried to resolve the matter by suggesting merging the Japan Import-Export Bank and the Japan Development Bank, and the Tohoku portion of the Hokkaido and Tohoku Development Corporation. Sakigake, however, also sought the merger of the People's Finance Corporation and the Environmental Sanitation Business Finance Corporation. Without reaching a compromise, it was decided to continue discussion of the issue.

As for administrative reform, everyone has supported it in principle. But when it comes to specifics, it has consistently run up against special interest groups and parliamentary members working for such groups, and has never gone anywhere. That is why it is said that pre-negotiation [nemawashi] is more necessary for this than any other bill. Yet, Sakigake made its plans on dealing with the special corporations—to privatize, abolish, and merge—public without conferring with the other government parties.

Naturally, the LDP objected strongly. And the target of its attack was the financial organizations that had links to the Ministry of Finance, where Finance Minister Masayoshi Takemura has jurisdiction.

The LDP's claim was that if Sakigake wanted to look good, it should merge or abolish the financial organizations over which its party head Takemura has jurisdiction. As for Sakigake, in order to avoid a situation wherein the party head would be subjected to complaints within the Ministry, it raised hurdles even higher and attempted to shelve this issue. That was the actual situation.

But such discord did not suddenly arise as a result of administrative reform. In fact, in June of the year before last when Sakigake left the LDP and the Hosokawa government was initiated, it had already started.

To begin with, people in the LDP feel strongly that it was the departure from the LDP of Sakigake and Shinseito [Japan Renewal Party] that caused them to lose power. Partly owing to the personality of Shinshinto [New Frontier Party] leader Ichiro Ozawa, at the beginning Shinshinto was blamed. But there were a good number of people in the LDP who felt bitterly about Mr. Takemura et al—nothing more than third term Diet members—who were obtaining important positions one after another.

Still, in order to recover government power, they were compelled to treat them as important partners. But now, Shinshinto has been unable to trigger a new party boom and in opinion surveys has often lagged behind the SDPJ. The SDPJ has also not been able to define its direction because of internal squabbles.

That leaves Sakigake, which is trying to draw a distinction between itself and the LDP, and wants to become one point of the triangle with the SDPJ. Unhappiness



over the situation erupted when the LDP and Sakigake collided over the special corporations issue.

The cracks between the government parties cannot be avoided. Naturally, the SDPJ-Sakigake alliance will go forward. But then, will further deepen the gap between the LDP and SDPJ/Sakigake. It seems the Murayama government's honeymoon is over and it has entered into a period of friction.

#### \* Political Confusion After Earthquake Reported

952B0107A Tokyo SHUKAN ASAHI in Japanese 10  
Feb 95 pp 30-33

[Article by Takeshi Soga, SHUKAN ASAHI reporter: "Special Report on Great Kobe-Osaka Earthquake Disaster: Prime Minister's Official Residence Fails To Function; For Some Reason First Report of Emergency Comes Via Kyushu; Pleas for Helicopters and Self-Defense Forces Which Vanished in Kasumigaseki"]

[FBIS Translated Text] Japan is a bureaucratic state. That has many benefits. The postwar economic recovery and the high quality of public safety. But there is the expression bureaucratism. A consciousness of one's sphere of jurisdiction, a lack of flexibility, a doctrine of complicated procedures... Was it not political impotence and the harmful effect of the bureaucratic system which spread to the innermost recesses from the prime minister's official residence to local autonomous bodies another "active fault" which made the Kobe-Osaka great earthquake disaster such a catastrophe?

That day. Kobe's Higashinada Ward 0700, 1 hour after the earthquake struck. Shinto Sakigake [Harbinger] Diet member Yuichi Takami (38 years old) shouted into a portable telephone. The person at the other end was Finance Minister Masayoshi Takemura in Tokyo. "Please turn on the television right away. But do not believe the content of the news. It is not the kind of earthquake in which one or two people are killed. "There were four persons who were dead when their bodies were pulled out from under the rubble. A woman's voice is heard wailing children are buried, yet [no one helps]." "There are people who shout "an elevated section of the Kobe-Osaka expressway collapsed." Fire approaches from near at hand. There are no fire engines. And no police, or doctors, or cranes...

At 0730 a telephone rang at the home of Genzo Sonoda, (administrative) chief private secretary to Prime Minister Tomoichi Murayama. It is the first official report from the National Police Agency. Simultaneous with reporting that there were fatalities, it asked for the prime minister's instructions. But Sonoda hesitated to send this information directly to the prime minister, who was at the official residence. Instead, he dialed a long-distance number in Fukuoka, because the private secretary in charge of disasters, who was on transfer from the National Police Agency, was visiting his home because of a family tragedy. The arrangement for transmitting

information to the prime minister's official residence is "divided into spheres of jurisdiction" in which four private secretaries each pass on information from their respective agencies. Even in this kind of emergency, the private secretaries who attend on those close to the prime minister were acting according to bureaucrat rules.

0750. Neither the Kobe City Office nor the Hyogo Prefecture Office could be reached. Takami thought there was nothing to do but telephone Tokyo. "Send Self-Defense Forces quickly, quickly. I don't care if I am expelled from the Diet, deploy them. You cannot lift up pillars if there is no heavy equipment. Tell that to the director general of the Defense Agency." He was speaking to his private secretary in Tokyo. A reply came at 0900. "The director general's private secretary said they 'cannot deploy the Self-Defense Forces unless they have a request for deployment from Hyogo Prefecture.' When I telephoned the Tokyo office of Hyogo Prefecture, they said: 'We cannot talk to the governor unless we have permission from the chief of the prefecture's Disaster Department'..."

The prime minister's official residence. The cabinet meeting begins on schedule at 1000. Chief Cabinet Secretary Kozo Igarashi instructed Kiyoshi Ozawa, National Land Agency director general, that he wanted him to fly to the earthquake site. Ozawa hesitated, taking a notebook from his pocket and saying: "My schedule for today is ..."

Takami entered Kobe's Nada Ward. Screams could be heard coming from burning houses, but there is nothing he can do.

1020. A police car happened by for the first time. There were three police officers inside. Takami pointed to rubble where two children and an old person were buried and asked them to save them, but they said: "We are on patrol," and drove off.

1100. A fire engine finally appeared. But no water comes from the hydrants. A man from the fire station said: "We tried to draw water from nearby Sumiyoshi River, but the water level is low. Now we are making sandbags [to raise the water level], so [it will take time]."

1200. His call got through to Chief Cabinet Secretary Igarashi. Takami wept. "Please deploy the Self-Defense Forces somehow. Now, rubble in which children are buried is burning before my eyes. And the traffic backup is awful. Cars are useless. Control traffic, and send helicopters."

At a liaison meeting of the government and leaders of the governing parties which was held at the prime minister's official residence, the voices of the prime minister and the others are raised in shock a few minutes after receiving a report of "200 fatalities."

What happened after that in regard to the "Self-Defense Forces" and "helicopters" which Takami requested in



tears? On the 17th, a unit totalling 250 left from nearby Itami approximately two hours after the earthquake struck, but full-scale deployment began at 1000, when there was a deployment request from Hyogo Prefecture.

On the morning of the following day, the 18th, at the prime minister's official residence, the high officials who manage each government agency are saying: "I directed the Defense Agency to commit all its units, but after asking the prefecture for instructions. The prefecture is also in chaos." Even under the current law, it is possible to deploy units on the judgement of the director general of the Defense Agency, but as might be expected, the "procedure" of a request by the prefecture was given priority in regard to full-scale deployment. At a press conference on the 19th, Deputy Chief Cabinet Secretary Nobuo Ishihara said: "Criticism that the initial action was tardy is natural, so we have to accept it being said of us."

What about the "helicopters?" On the afternoon of the 17th, Chief Cabinet Secretary Igarashi directed the Ministry of Transport to mobilize all helicopter resources including the private sector. But it took time for such local autonomous bodies as Hyogo Prefecture to secure heliport sites and transport routes, so the full-scale start was delayed until the 19th, two days later.

#### **Government Response Delayed by Giving Priority to Coordination of Formalities**

What about traffic control? It was on the 18th that Chief Cabinet Secretary Igarashi said: "It is troublesome for such stories as victims dividing one rice ball between two persons to be taken up by television news," and directed that traffic be controlled. At this point the National Land Agency decided to "appeal via the mass media for people to exercise self-restraint in using their private cars."

That was not the only way in which the prime minister's official mansion and the government were in disarray. After the earthquake struck there were some high government officials who freshly obtained information on the Okushiri Island disaster from the Hokkaido Development Agency by fax. Replacement of the person in charge of practical business for the government was also abrupt. Again a minister was newly established to be in charge of the earthquake, and in regard to this also it is said that: "One of the causes was that Ozawa, National Land Agency director general, violated a taboo by revealing to the press corps part of a confidential report to the emperor. For all practical purposes it was a cabinet reshuffle." (Liberal Democratic Party executive).

In regard also to the reception of foreign rescue teams, in spite of the fact that on the 18th Yohei Kono, deputy prime minister-foreign minister, said: "It is precious good will, so I want to accept as much as possible," coordination with the Ministry of Home Affairs and the Fire Defense Agency, which were in charge, and with the Ministry of Agriculture, Forestry and Fisheries, which

quarantines the rescue dogs, took time. Here, too, there is no evidence that the will of the local autonomous body was reflected.

A member of the Social Democratic Party of Japan [SDPJ] Secretariat who is close to Prime Minister Murayama says in a self-mocking manner: "There are only three politicians in that big official residence of the prime minister. The prime minister, the chief cabinet secretary and the deputy chief cabinet secretary. However much one speaks of political leadership, the essential point comes down to how to skillfully move the bureaucratic structure."

In America, in the case of every kind of great disaster the commander on the spot is the fire chief of the autonomous body, and the supreme person in charge is the state governor. The federal government has the FEMA (Federal Emergency Management Agency), and acts from the capital, Washington, but the foundation of response is from the bottom up.

To be sure, in the Great Kobe-Osaka earthquake, there was the misfortune that the functioning of the local autonomous body was paralyzed. But in contrast to the fact that at the time of last year's big Los Angeles earthquake (61 fatalities), in America the mayor of Los Angeles declared an emergency one hour later, and the president's declaration came nine hours later, in the Great Kobe-Osaka Earthquake this time, the government's Emergency Disaster Countermeasures Headquarters was set up five hours later. The Urgent Countermeasures Headquarters was set up two days later.

And had it been the American system it probably would not have become the slow method in which those connected with the government all said: "We will deal with it after receiving an inspection report from the director general of the National Land Agency." The National Land Agency, the center for practical business, would be without a responsible person for an entire day because of sending that inspection team, and things would be decided by a "pyramid system" in which even emergency countermeasures were first sent down to each agency of the central government and then the results of discussions were concentrated to their essence.

Deputy Director General Ishihara's "reflection" that: "Matters regarding natural disasters only go upward from the National Land Agency's Disaster Prevention Bureau to the administrative vice minister to the director general; I am not incorporated into the system," may be honest words for a general manager of bureaucrats.

#### **Terrible Incompetence of Central Government Information Gathering**

Prime Minister Murayama says that the response to the Great Kobe-Osaka earthquake "was the best possible policy," and a high government official flatly stated: "the



problem is not the bureaucratic structure, it is improvement of such material aspects as information networks."

In regard to recovery measures also, the government busies itself with plans to create a recovery headquarters directly under the prime minister, or with creating central-government organizations, but it is negative toward measures which overturn precedents, such as paying individual compensation to disaster victims whose apartments collapsed.

Meanwhile, Ichiro Ozawa and other members of the New Frontier Party do such things as blaming the tardiness of the government's response on an SDPJ government which is allergic to the Self-Defense Forces, so there has appeared the danger that the disaster will now be used as a tool in political battles.

Is this really acceptable?

This is not the only time that the government's response in a crisis was delayed by "government office logic." According to the testimony of persons who were related to the government of that time, when Miharayama erupted, the the National Land Agency meeting held immediately thereafter was long and meandering, and time was wasted on deciding whether to make the governor of the prefecture or the director general of the National Land Agency the director of the countermeasures headquarters, and whether to use the Western calendar or the Japanese era name in naming the eruption.

"I did not think procedure was this necessary in order for the administrative structure to act. And the fearsome incompetence of central gathering of information. It is not a question of being no good because it is Murayama or being good if it were Kaifu. To be honest, we politicians were lacking in the most basic crisis management skills of protecting the lives and property of the nation's people." How will Kasumigaseki take this cry of Takami?

#### **Division by Spheres of Jurisdiction, Playing to the Grandstand and a Nation Which Will Not Pay Out Money**

Former mayor of Shimabara City, Kanichi Kanegae: Why did Prime Minister Murayama not personally lead his forces and mobilize a large amount of the Self-Defense Forces from the very beginning? The government people say: "It was the first time for a large urban earthquake," but what do they mean by the first time? Whether one takes the Unzen eruption or Okushiri, there was any amount of experience, was there not, that when there is a major disaster the Self-Defense Forces are the only thing that is really useful.

The government's response plays too much to the grandstand. Deciding by lottery who will get into temporary housing, for example, is a childish trick. Why had they not prepared response measures based on the lesson of Unzen?

In the first place, the National Land Agency has no real authority within Japan's current bureaucratic system. Authority, budget, everything is controlled by agencies divided by sphere of jurisdiction; the Ministry of Finance or the Ministry of Construction. At the time of the Unzen disaster I went to Kasumigaseki to appeal for emergency measures, and was, conversely, asked by an executive of the National Land Agency: "What can be done?"

For example, providing ¥1,000 [yen] per day for food expenditure to victims who were in temporary housing. I was given the runaround that the one in charge of it is the Ministry of Health and Welfare, and I requested it any number of times, but in the end I was refused. Finally the National Land Agency raised the money, but the main point is that even in regard to emergency measures when there is a disaster, the central government agencies still tightly controlled the important power of decision on authority and budget.

That, and the doctrine of precedent. When it gets into the debate on wanting to give individual monetary compensation to victims of the Great Kobe-Osaka earthquake, bureaucrats say without fail that it would be unfair to the victims of Unzen and Okushiri, and in the end, the victims of World War II. It was the same at the time of the Unzen disaster; the nation does not pay out money for individual relief. In the end, we had no choice but to divide up donations collected from all over Japan. In that kind of situation, even if cities, towns and villages are told to pull themselves together, there is a limit to what they can do.

This time also, it will not do to make a distinction in relief measures between Kobe and Nishinomiya. After all, in the current situation it is the nation and the prefecture. In the future I hope they will push ahead with transfer of substantial authority. Not things for appearance, such as locating the countermeasure headquarters in the Hyogo Prefecture Office; I hope they will allow cities, towns and villages to hold authority which directly concerns the lives of their residents.

The government recently began to talk about limitation of private rights for the purpose of urban reconstruction, but what about, not limitation, but individual compensation? In the Unzen disaster, too, there are many people whose homes were struck by streams of pyroclastic material while they were holding home loans, and who cannot relocate because they cannot sell land and buildings whose assessed value has fallen. The heavy burden of paying off loans for houses and apartments which have disappeared is terrible. New legislation or a drastic lowering of the interest on public loans is necessary.

But people's minds will be more at ease if they quickly show victims what can be done and what cannot be done. At the time of the Unzen disaster, then-Prime Minister Toshiki Kaifu came to inspect, and declared that he would make special legislation. But bureaucrats quickly negated it, and it has still not been done even now. In



spite of the fact that the prime minister's statement stood on its own, and all believed it, and are waiting in temporary housing. I am vexed to tears when I hear that the New Frontier Party, which is led by that same Mr. Kaifu, is now asserting a need for emergency legislation and so on, using disasters for their own political ends.

**NFP's Hatoyama Set To Run for Tokyo Governor**  
*OW0103035795 Tokyo KYODO in English 0327 GMT  
1 Mar 95*

[FBIS Transcribed Text] Tokyo, March 1 KYODO—Former Education Minister Kunio Hatoyama, a legislator of New Frontier Party [NFP], has signaled his readiness to run in the Tokyo gubernatorial race in April, party sources said Wednesday.

The sources said Hatoyama, 46, will publicly announce his decision after a potentially divisive vote March 9 by the Tokyo Metropolitan Assembly on a 30 billion yen credit union bailout program.

Hatoyama indicated his election bid in talks with Former Education Minister Takeo Nishioka, who subsequently consulted with other senior Shinshito colleagues, including Secretary General Ichiro Ozawa and Former Prime Minister Morihiro Hosokawa.

Hatoyama, who has also served as labor minister, joins a list of candidates for Tokyo governor, including Former Deputy Chief Cabinet Secretary Nobuo Ishihara and Tetsundo Iwakuni, mayor of Izumo, Shimane Prefecture.

Also in the running are Kenichi Ohmae, a former management consultant, Tetsu Ueda, a former legislator of the Social Democratic Party, Saburo Kuroki, a professor emeritus at Waseda University, and Yukio Aoshima, a member of the House of Councillors.

The Liberal Democratic Party (LDP) has decided to support Ishihara in the election even if he fails to win support from the LDP's five other coalition partners in the Tokyo Metropolitan Assembly, LDP officials said. Of the five coalition partners in the metropolitan assembly, Shinshinto opposes Ishihara as a coalition candidate.

**\* Power Struggle in Tax Affairs Zoku Detailed**

*952B0100A Tokyo SEIKAI ORAI in Japanese Feb 95  
pp 60-61*

[Article by Shiro Daimon: "Second Struggle of Governing Parties Versus Opposition Parties Over Vested Interests: Finance Ministry is the Front Line"]

[FBIS Translated Text] Split Among Liberal Democratic Party Tax Commission Zoku

Even Among Finance Ministry zoku who are in the position of arranging reform of the tax system, executives of the LDP Research Commission on the Tax

System [RCTS] are referred to in particular as "Tax Commission Zoku." They are ruling by grasping the vested interests of the Ministry of Finance.

When the LDP was holding governing power by itself, Sadanori Yamanaka, Tatsuo Murayama, and Mutsuki Kato were controlling the LDP RCTS.

Fourteen regular members and two executives worked on drawing up "an outline for drastic reform of the tax system" under the leadership of Sadanori Yamanaka, former minister for international trade and industry, who was chairman of the party's RCTS.

Sadanori Yamanaka displayed unusual talent even within the ranks of elite bureaucrats: He was referred to as "Monopoly-Banning Yamanaka" in the days of the Miki cabinet, and next was referred to as "Tax System Yamanaka."

Tatsuo Murayama, who currently occupies the position of chairman of the LDP RCTS, is like a walking encyclopedia of the postwar tax system, and from early on has given an impression of substance and important figure inside and outside the LDP as an authority on the RCTS. He was appointed to minister for finance in the reshuffled Fukuda cabinet which was inaugurated on 28 November 1977, and has served as chairman of the RTCS from 1982 to 1983.

Sadanori Yamanaka, who entered the RTCS as a so-called zoku Diet member, other than those with ties to the Ministry of Finance, and Tatsuo Murayama, a typical Finance Ministry zoku who is an alumnus of the Finance Ministry, are completely opposite.

Mutsuki Kato has occupied the next position after Sadanori Yamanaka and Tatsuo Murayama. He has constantly devoted himself to the work of transmitting information and of laying groundwork within the party, and has supported Sadanori Yamanaka and Tatsuo Murayama behind the scenes. Mutsuki Kato won fame for courage as a politician who can dodge through a scene of carnage as "leader of a storming party" when political warfare intensifies.

The question of how he will go on leading young new RTCS zoku Diet members was also becoming a topic of conversation among young Diet members.

Apart from this, there is Michio Watanabe, foreign minister and former deputy prime minister, as an influential leader in the LDP in regard to the tax system.

Furthermore, Jun Shiozaki (former Economic Planning Agency director-general, he retired before the general election of 18 July 1993), Yoshiro Hayashi, Takeshi Noda, and Yuji Tsushima are referred to as the big four and have backed up the influential leaders.

In addition, interest in taxes rose among young and mainstay LDP Diet members, so it has reached the point where they line up their names as members of the RTCS.



It is the rise of young Diet members who could be referred to as so-called "new tax commission zoku."

Even within this group, the one who in particular possessed a sense of purpose to become a tax commission zoku Diet member is Shokei Arai. Arai, himself a former Finance Ministry bureaucrat, stressed that "tax is the same kind of world of logic as solving a mathematical problem; in that the part that is correct is accepted as correct." Arai managed to enter the world of politics by serving as confidential secretary for managing business when Michio Watanabe was minister of finance (1980).

The tax system is related to all industries. They grow desperate over how to receive preferential treatment by tax incentives. They try to become the object of tax reduction. They contribute political funds to the tax commission zoku in return for receiving favors. Young Diet members who noticed this began to fasten their eyes on the profitability of the RTSC.

Taxes are an extremely complicated field, so it is difficult to understand, but if one studies it, one's competence as a politician will surely be preeminent.

However, the LDP was unable to win a majority in the general election of 18 July 1993, so it fell to the position of an opposition party, and, because there occurred the earth-shaking change of the realignment of the political landscape, a split began even among the influential leaders of the LDP RTSC.

First, Mutsuki Kato led a clique and merged with the Shinseito [Japan Renewal Party].

With Prime Minister Morihiro Hosokawa's sudden announcement on 8 April 1994 of his intention to resign as the opportunity, Michio Watanabe responded to the lure of "becoming the next prime minister," which Shinseito Secretary General Ichiro Ozawa set up, and started to leave the party. As the vanguard, he caused Koji Kakizawa, who is directly affiliated with him, to leave the LDP, and secretly supported the formation of the Liberal Party. Seiichi Ota and Shokei Arai joined it.

Takeshi Noda left the LDP on 29 June 1994, and established the Koshikai [High Aspirations Forum], and former prime minister Toshiki Kaifu and Yuji Tsushima, of the tax commission zoku, joined it.

Thus, the Diet members of the LDP tax commission zoku split into two.

#### **All of the Governing Parties' Tax Reforms**

At the time of work on tax reform under the Hosokawa coalition government and compilation of the draft budget for fiscal year [FY] 1994, industry organizations all left the LDP, and swarmed to the Shinseito to do their lobbying.

Keidanren, which until then had been a leading sponsor, and most industry organizations, stopped political contributions to the LDP, which had fallen to an opposition party.

During the long period of LDP one-party government, every year, when it got to the end of the year before compilation of the budget by the government, groups of lobbyists thronged to the LDP, and automobiles were lined up, packing the courtyard of LDP headquarters. Cars which could not fit in the courtyard parked in a row overflowing as far as the street in front of the headquarters.

At the end of 1993, when the LDP had become an opposition party, the lobbyist groups decreased very much, and cars parked in the courtyard were few and far between.

It is said that Secretary General Wataru Kubo of the Social Democratic Party of Japan, who happened to pass in front of LDP headquarters, also thought: "Do things change this much when one loses governing power," and though belonging to a different party, was made to feel keenly the sad plight of a political party that has lost governing power.

The majority of central-government bureaucrats displayed a cold attitude as though turning off a switch, thinking: "We will reject all requests from the LDP." The bundle of "draft revisions of the tax system" that was so thick that it was called a "telephone book," was also not made that year.

But the political situation developed rapidly. The Murayama coalition government was born, and on 18 July 1994 the LDP, SDPJ and Sakigake each tentatively designated the members of the project team for governing party tax reform. The governing parties' tax commission was made up of 20 persons: 10 from the LDP, seven from the SDPJ and three from Sakigake.

The governing parties' project team on tax reform began deliberations on 15 November, directed toward tax reform in FY95. At the outset they decided on "a basic course concerning revision, in 1995, of tax incentives and such special measures as tax exemptions."

The LDP members are Tatsuo Murayama, Shinichiro Shimojo, Yoshiro Hayashi, Michio Ochi, Akira Amari, Nobuhiko Machimura, Osamu Takatori, Kaname Kamada, Nobuteru Ishihara, and Toranosuke Kataoka; the SDPJ members are Ichiro Hino, Seiko Kitazawa, Akihiro Ohata, Makoto Taneda, Naoki Minezaki, Masaru Hayakawa and Kiyoshi Imai; and the Sakigake members are Fumihiko Igarashi, Koichiro Genba and Ko Tanaka. It was decided that the chair will alternate among the three factions. Ichiro Hino, Tatsuo Murayama, and Fumihiko Igarashi (current chair) will serve in turn.

The governing party tax commission held its first meeting on 19 July 1994. It decided on a course of producing a definite conclusion regarding reform of the tax system, including income tax, resident tax and the problem of a source of revenue for reducing taxes, with a target of the middle of September of the same year.



Following on that, it began full-fledged deliberations toward a 15 December decision on an outline, doing such things as listening to the respective requests for tax reform from 15 coordination meetings of individual government agencies.

It was particularly suspenseful for industry groups which have requests of wanting to be recipients of tax reductions by tax incentives.

In the midst of such moves, the attitude of industry groups began to change entirely as indications became stronger that the Murayama government seemed likely to become a long-term stable one.

Being wary that the government might change at any time, some industry groups and companies did not make their attitude clear; conversely, there were also many which took out insurance on both sides so that they would be safe whichever way things went. The trend in political contributions has been shaken by the evolution of the contest over governing power. Under these conditions, the government ruling parties decided on the outline of tax-system reform on 15 December 1994.

Lower House member Mamoru Nakajima (former director general of the Science and Technology Agency), who because of the position of the Shinseito has been in charge of tax-system problems under the Hosokawa and Hata coalition governments, has served as parliamentary vice minister for construction, so he is also one of the construction zoku Diet members, but now he handles Finance-Ministry related policy as vice chairman of the New Frontier Party's Government Policy Committee. According to what his secretary says: "The number of petitions received now and when we were a governing party is completely different. When we were a governing party there were so many petitions we could not count them. They were coming almost one per minute, so it was a hectic schedule. That has now diminished to about one-tenth. It feels as though industry groups secretly went to the other side."

However, the big bosses of the tax commission zoku still maintain and continue to exercise great influence, even though they are divided into governing and opposition parties. According to the office of Tatsuo Murayama: "We changed from a period as a governing party to a period as an opposition party, and then a period as a governing party again, but we have not particularly sensed a wave which sometimes declines drastically and sometimes increases drastically." Meanwhile, at the office of Mutsuki Kato, which has now become an opposition party, I hear that: "Petitions have come without change from when we were the government party; in particular those related to the tax system. There are also a lot on transport, agriculture, forestry and fisheries and construction, and aside from that, they have also come in regard to posts and telecommunications." Because the realignment of the political landscape has not solidified, the battle of the tax commission zoku big bosses over dominance in political influence

will continue. It appears that, until that is settled, the big bosses of the tax commission zoku will continue to tightly control tax commission interests as usual, regardless of whether they stand in the position of governing party or opposition party.

#### **SDPJ To Draft 'Nonwar' Diet Resolution**

*OW0103123295 Tokyo KYODO in English 1205 GMT  
1 Mar 95*

[FBIS Transcribed Text] Tokyo, March 1 KYODO—Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] will draft items to be contained in a "nonwar" resolution to be adopted by the Diet, party officials said Wednesday [1 March].

An SDP special panel on issues related to Japan's actions during World War II decided on the plan during a meeting of executive members Wednesday, the officials said.

The group, headed by Kosuke Uehara, former chief of the Hokkaido and Okinawa development agencies, will hold a general meeting March 7 to begin work on draft ideas.

The executives' meeting decided to study Japanese colonial rule of the Korean Peninsula from 1910 to 1945 and the so-called "15-year war," a term referring to the period between Japan's occupation of northeastern China in 1931 and Tokyo's surrender in World War II in 1945.

The panel will not connect the proposed Diet resolution with compensation demands from Asian countries, but will take the feelings of the war dead's families into consideration, the officials said. The panel will also discuss the U.S. atomic bombings of Hiroshima and Nagasaki and the former Soviet Union's detention of Japanese soldiers in Siberian labor camps, they said.

While explaining the principles, the SDP should urge officials of the Liberal Democratic Party (LDP), the largest component in the tripartite ruling coalition, to agree on the resolution, they said.

The ruling camp has been trying to reach agreement on the resolution that is to coincide with the 50th anniversary of the end of World War II, but a number of LDP officials have opposed the resolution, citing concerns that it would hurt the feelings of the bereaved families of Japanese soldiers killed in the war.

A group of those families is a powerful lobby constituting one of the LDP's major vote bases.

#### **Takemura on Bailout Bill for Credit Unions**

*OW0103045795 Tokyo KYODO in English 0436 GMT  
1 Mar 95*

[FBIS Transcribed Text] Tokyo, March 1 KYODO—Finance Minister Masayoshi Takemura said Wednesday



he is convinced the Tokyo Metropolitan Assembly will pass a funding bill to supply financial aid to the government's rescue package for two groggy credit unions.

Takemura told a session of the House of Councillors budget committee that he is expecting a "level-headed judgment" from the metropolitan assembly, which is scheduled to vote on the bill on March 9.

The Tokyo Metropolitan Government has promised to provide 30 billion yen, or about a fifth of the bailout package announced in December. The rest should come from the Bank of Japan and commercial banks.

The rescue plan for Tokyo Kyowa Credit Association and Anzen Credit Bank, however, has been getting flak from the media and opposition parties for suspected links among the former managements of the credit unions, Finance Ministry officials and politicians.

Tokyo assembly members of Komei party decided Wednesday to vote against the supplementary budget bill that contains the 30 billion yen low-interest loans for the bailout plan.

They are not willing to accept the bill even after a revision, Komei members said. Komei is one of the six ruling coalition partners in the assembly. The government will be forced to review the financing plan if the Tokyo assembly rejects the funding bill. Takemura, however, said at the upper house budget panel that he is not expecting a rejection from the assembly.

Meanwhile, Chief Cabinet Secretary Kozo Igarashi also denied the government is contemplating supplying additional funds to the bailout plan in case the Tokyo assembly rejects the bill. "I have not heard about any such a plan being considered," Igarashi told a press conference. "Anyway, we are closely watching the discussions at the assembly," he said.

Takemura also brushed aside any need to punish ministry officials over their reported links to the former heads of the credit unions, who have been charged for their lax managements and subject to breach-of-trust charges by the two institutions.

Takemura told the panel session that one ministry official had told him that he once attended a study meeting along with Harunori Takahashi, the former president of Tokyo Kyowa Credit Association. But such conduct does not overstep the moral boundary of public servants, Takemura argued. If any serious misconduct is revealed, the officials would be subject to severe discipline, he added.

In a related move, a senior Social Democratic Party (SDP) [Social Democratic Party of Japan: SDPJ] member said some politicians will also be summoned for Diet testimony over the credit union scandal.

Churyo Morii, an SDP member of the House of Representatives in charge of Diet affairs, said, "it is a serious issue that politicians are involved in the case. Their

testimonies are naturally expected." The lower house budget committee decided Tuesday to call the former presidents of the two credit unions, Tokyo Kyowa's Takahashi and Anzen's Shinsuke Suzuki, to testify before the panel next week.

### **Substitute Bailout Plan Set Up for Approval**

*OW0103122295 Tokyo KYODO in English 1120 GMT  
1 Mar 95*

[FBIS Transcribed Text] Tokyo, March 1 KYODO—The Tokyo Metropolitan Government has worked out a substitute bailout plan for two bankrupt credit unions as the possibility grew for the municipal assembly to vote down the original program, officials said Wednesday [1 March].

A supplementary budget including an outlay of 30 billion yen to a new institution created to rescue the unions is up for approval by the assembly, but the officials said there is a strong possibility that the plan will be voted down.

They said a new plan calls for the Tokyo Government to funnel the funds through an organization to help stabilize the management of credit unions in the capital.

The two Tokyo-based credit unions—Tokyo Kyowa Credit Association and Anzen Credit Bank—went bankrupt in December with huge debts resulting from unrestrained real estate-related loans.

The Finance Ministry came to the rescue of the two companies, saying their failures will disrupt the nation's financial system.

Under the bailout plan, liabilities left by the credit unions will be handed over to Tokyo Kyodou Bank which was inaugurated in January.

The officials said a substitute plan will be introduced to the municipal assembly in consultation with the Finance Ministry and other parties concerned.

They said it remains uncertain whether the assembly will approve the new plan because of strong criticism against the use of public funds for the rescue of the credit unions which went down as a result of lax management.

### **Credit Union Failures Prompt Bank Withdrawals**

*OW2802141995 Tokyo KYODO in English 1125 GMT  
28 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—The failure of two credit unions in Tokyo has touched off withdrawals of deposits from other similar institutions, Vice Tokyo Gov. Yoichi Makino said Tuesday [28 February].

Makino told a metropolitan assembly panel discussing a bailout plan for the two credit unions that the volume of deposits at other credit unions in Tokyo at the end of December dropped 6 percent from a month earlier.



He appealed to the assembly to support the rescue plan to avoid disruption of the nation's financial market.

Tokyo Kyowa Credit Association and Anzen Credit Bank have gone bankrupt because of lax management and unrestrained lending.

Under the rescue plan, worked out by the Finance Ministry, the Bank of Japan and the Tokyo Metropolitan Government, the two bankrupt institutions will be handed over to Tokyo Kyodou Bank, a new institution established in January with public funds.

The plan calls for the metropolitan government to provide 30 billion yen in low-interest loans to the new bank.

#### **Debate on Privatizing Public Corporations Viewed**

952A0333A Tokyo NIKKEI BUSINESS in Japanese 2  
Jan 95 pp 10-11

[Unattributed article in "Trends" column]

[FBIS Translated Excerpt] [Passage omitted] Issue Sur-  
faced as Next Political Dispute

In contrast to South Korea, where a feeling of crisis pervades that failure to reform could compromise international competitiveness, the Japanese version of administrative reform lacks a reform doctrine as well as any sense of crisis. One member of the ruling party administrative reform project team refers to such conditions by saying, "Reforms are designed to prolong the duration of the Murayama Administration. It cannot emphasize reforms which cause a loss of voter support."

There was a common perception among government agencies in Kasumigaseki that "the pending reform will be of a limited scale making a scapegoat out of only two or three special corporations." However, in mid-December "there was a change in attitudes in Nagatacho," according to an official of the Management and Coordination Agency. The reason is that reform suddenly surfaced as the next dispute to hit the political scene, as a result of the settlement reached on pending issues such as the political reform law legislation, establishment of a tentative schedule for approval of the government budget, and tax system reform during the special session of the Diet.

The initial government schedule had called for the preparation of a detailed reform plan by 10 February, but comments indicating "the necessity for including specific reform concepts in the prime minister's state of the union address in January during the regular session of the Diet," as expressed by Minister of Home Affairs Hiromu Nonaka, began to be expressed more forcefully by government and ruling party sources, and work on the reform plan began to progress at a more rapid pace. Such a change in attitude arose from the assessment that as the consolidated prefectural elections and the House of Councillor elections approached, any failure to act on

the reform issue would invite attacks from the New Frontier Party and jeopardize the coalition government.

Transportation Minister Shizuka Kamei displays confidence by saying: "Administrative reform will not become a point of dispute in the political scene. The reason is that all government agencies will take a unified posture in executing necessary reforms. We can dismiss cabinet members who do not cooperate." Cabinet members who are positive about administrative reform uniformly state: "The coalition government enhances the feasibility of reform." In the case of a single-party administration, pressure is exercised by industry organizations affiliated with special corporations and intra-party committees, but it is difficult to apply pressure on a coalition government with a fragile framework.

To be watched carefully is the reversal of positions on the part of Ryutaro Hashimoto, minister of international trade and industry, who had been cautious about changes in special corporations. Chairman Eiji Suzuki of the Third Administrative Reform Council (deceased former chairman of Mitsubishi Kasei Corporation) named Hashimoto as being the ring leader in "destroying reform," but Hashimoto has changed his statements in reference to the issue by saying: "Now that it has come to this point, I will execute (administrative reform)." Hashimoto has a record of astuteness in handling the reorganization of the national railway system as chairman of the Liberal Democratic Party (LDP) Administrative and Fiscal Policy Research Committee at the time of the Doko Special Research Commission, and Minister of Home Affairs Nonaka expresses his hope that "Hashimoto will probably assume the leadership relative to the pending administrative reforms."

The view is being quietly rumored in Kasumigaseki that Hashimoto's change in attitude "anticipates the resultant pinch to be felt by his rival Minister of Finance Masayoshi Takemura."

#### **Criticism of Minister of Finance Takemura To Intensify Gradually**

It was the Shinto Sakigake [Harbinger] who advocated administrative reform in the Murayama Administration. In August, it had released a detailed plan to abolish three corporations, including the Silk Yarn and Sugar Price Stabilization Organization, and the privatization of 22 corporations, including the Japan Development Bank and the Japan Public Highway Corporation.

The plan was opposed by both the LDP and Social Democratic Party of Japan (DSPJ) as "irresponsibly premature," but it could be referred to as a strategy of a minority party which wishes to appeal for administrative reform with the support of public opinion. However, release on 19 November of the interim report of progress on the review of special corporations of 1992 by the various ministries and agencies has been followed by severe criticism of Minister of Finance Takemura.



The interim report's contents were of mediocre quality covering uniform bureaucratic reports, while the report submitted by the ministry led by Takemura, Sakigake party leader and the minister of finance, was of similar quality. Pressure is being increased on Takemura by remarks such as that of House of Representative member Kiyoshi Mizuno of the project team, who says: "Takemura should control his ministry and produce a specific program"; and Tsuruo Yamaguchi, Management and Coordination Agency director-general, who says: "We would like to have him act responsibly, now that he has committed himself."

Sources internal to the Sakigake express the fear of much difficulty in the future as one official of the party says: "Even Takemura should be aware that the Ministry of Finance (MOF) should set the example relative to administrative reform. However, such a task is not easy in terms of handling MOF bureaucrats." Special corporations coming under the jurisdiction of the MOF total four, including the already privatized Japan Tobacco Industries (JT). Of the three special corporations known as the People's Finance Corporation, Japan Development Bank, and Japan Export-Import Bank, attention is expected to be focused on the review of the Japan Development Bank which is criticized for its competitive position relative to the private sector.

In the interim report, the MOF explains the position of the Japan Development Bank in a passage which says: "It is an agency which provides long-term, fixed-rate, low-interest loans for capital investment purposes on a stable basis and its basic character differs from operations of a commercial nature," but the question is whether or not Administrative Vice Minister Jiro Saito and his group can resist Takemura's decisions, which will influence his political survival.

On the subject of the scope of the reviews, Yamaguchi states: "We will have to have each of the principal ministries and agencies review at least one or two special corporations"; while Minister of Transportation Kamei says: "The number will total more than 10." Even in the Ministry of Home Affairs where only two special corporations are supervised, Minister of Home Affairs Nonaka says: "We will review one special corporation." Among actions considered are consolidation, abolishment, and privatization, as well as reduction to recognized special corporate status.

Special corporation sources are feeling an increased sense of crisis owing to such moves. The Environmental Sanitation Business Financing Corporation, which operates under the auspices of the Ministry of Health and Welfare, is a special corporation which is included on the abolishment list in connection with each discussion of administrative reform. It was established in 1967 as an agency to handle loans to environmental sanitation industry firms such as barber shops, beauty shops, and food service companies. It has been mentioned that "there is no reason for it to be an independent agency,"

because almost 95 percent of its loans are issued through the People's Finance Corporation.

That industry comprises one of the LDP's support organizations, with 600,000 members belonging to an industry organization. Minister of Transportation Hashimoto was a former chairman of the LDP Environmental Sanitation Diet Members League. On 8 December, at the Diet Members League meeting held at party headquarters, Hashimoto said: "The Environmental Sanitation Business Financing Corporation will be included in a review."

In the past, relationships of this nature between the LDP and industry posed a major obstacle relative to administrative reform. The question of whether or not the coalition ruling parties will be able to resist pressure from their support organizations, including the SDPJ and labor unions, does not provide any room for optimism. Already, the environmental sanitation industry heatedly states: "We absolutely oppose the plan to consolidate the Environmental Sanitation Business Financing Corporation with another agency."

Conspicuous movements on the part of LDP and SDPJ zoku Diet members running counter to administrative reform have surfaced in relation to budget requests for agricultural measures taken in response to the Uruguay Rounds of GATT and funding for pending segments of the improved new trunk railway line construction projects. Bureaucrats have begun to display some bewilderment at the rising mood for administrative reform which runs counter to such movements.

The administrative reform project team will list special corporations as candidates for abolishment, consolidation, and privatization, and plans on making decisions on the basis of a majority vote through a secret ballot. The decisions will be referred to each party for deliberation, submitted to the administration as a ruling party plan, and each minister will staff the decisions on an intra-ministry basis. The decision will test the political skills of ministers including Takemura and Hashimoto.

## North Korea

### CPRF Denounces ROK Overseas Weapons Purchase

SK2802235195 Pyongyang Korean Central  
Broadcasting Network in Korean 2208 GMT 28 Feb 95

[Information issued by the Secretariat of the Committee for the Peaceful Reunification of the Fatherland on 28 February]

[FBIS Translated Text] The Secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] issued an information [podo] in connection with the Kim Yong-sam ring's acceleration of war preparations by bringing in offensive military equipment from foreign countries.



CPRF Secretariat Information No. 677:

The South Korean puppet clique is still accelerating war preparations by rashly bringing in offensive military equipment from foreign countries. According to an announcement by the U.S. Defense Minister on 24 February, the South Korean puppets asked the United States to sell them 136 AGM-88B fleet missiles worth \$112 million as well as 32 Harpoon missiles. The air-to-ground missiles the puppets are going to purchase from the United States will reportedly improve the ground attack capability of their F-16C/D aircraft.

As is already known, the Kim Yong-sam ring has accelerated arms reinforcement maneuvers over the past two years since coming to power, purchasing updated weapons and war equipment from foreign countries.

In April 1994, the puppets purchased 36 Apache offensive helicopters from the United States, deploying them for actual war. In May and June of last year, respectively, they signed contracts to purchase 12 CN-235M military helicopters from Spain and 120 F-16 fighter-bombers from the United States. In November, the puppets decided to introduce aboard their naval vessels 190 Mistral anti-air missiles from France.

At a time when the adopted DPRK-U.S. agreed framework has entered a stage of implementation, the Kim Yong-sam ring is going to again spend a lot of money to purchase offensive missiles in large quantities in order to destroy its fellow countrymen. This only reveals even more clearly the antinational and anti-reunification nature of those who oppose [pujong] peace and the peaceful reunification of the country and who pursue confrontation and war with us. This also proves that the so-called dialogue, exchange, and cooperation advertised by them is fake, no more than camouflage covering their war maneuvers.

If the Kim Yong-sam ring tries to overcome its power crisis by increasing the tense situation on the Korean peninsula, bringing updated weapons and war equipment into South Korea and running counter to the national desire to open a decisive phase for reunification in the 1990's, it is a foolish illusion.

Only a miserable end is in store for the Kim Yong-sam ring that pursues only war and confrontation, taking no regard of the country's future or national fate.

[Date and place] 28 February 1995, Pyongyang.

#### KCNA Reports on Information 677

SK0103044395 *Pyongyang KCNA in English* 0438  
GMT 1 Mar 95

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—The Secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] published its Information No. 677 on February 28 denouncing the Kim Yong-sam group for stepping up

war preparations, while introducing offensive military equipment from the United States.

According to an announcement of the U.S. Defense Department on February 24, the South Korean puppets requested the United States to sell them 112 million dollars worth of 136 AGM-88B Harm missiles and 32 Harpoon missiles.

The information says:

At a time when the agreed framework between the Democratic People's Republic of Korea and the United States is entering into the stage of implementation after its adoption, the Kim Yong-sam group intends to purchase a large number of attack missiles for killing fellow countrymen, spending a colossal amount of money. This brings into bolder relief the anti-national, anti-reunification nature of the Kim Yong-sam group which seeks confrontation and war with the North, denying peace of the country and its peaceful reunification. This also proves that their noisy cry for "dialogue" and "exchange and cooperation" is sham and a camouflage for its war moves.

It is a foolish dream, if the Kim Yong-sam group thinks that it can bridge over the crisis of its rule by increasing the tensions on the Korean peninsula through the continued introduction of new-type weapons and war equipment, going against the desire of the nation to open up a decisive phase for reunification in the 1990s.

Only a disgraceful doom is awaiting the Kim Yong-sam group which seeks war and confrontation, not concerned about the future of the country and the destiny of the nation.

#### Kim Yong-sam Remarks on Change, Reform Denounced

SK0103073695 *Pyongyang Korean Central Broadcasting Network in Korean* 1225 GMT 28 Feb 95

[Commentary by Kim Ho-sam: "Habitual Liar's Shameless Gibberish"]

[FBIS Translated Text] The South Korean traitor Kim Yong-sam threw a big feast for his close underlings at Chongwadae [presidential offices] on 25 February, the second anniversary of his inauguration. He raved swift changes and reforms had taken place for the past two years. This truly is shameless self-praise by the habitual liar, which shocks the people.

It is well known that when the traitor Kim Yong-sam went to Chongwadae under the veil of a civilian regime, he raved that by carrying out the so-called reform policy, he would build a society where justice flows like a river, a reunified fatherland where separated fellow countrymen could live united peacefully, and a society that generations to come could take pride in their birth in this land. Then, where is such a society in South Korea?



The assessment of the Kim Yong-sam regime at home and abroad is very grim. A declaration on the current situation released by personages from all walks of life in Taegu and North Kyongsang Province pointed out that the civilian regime reached its limits, that change was replaced by stagnation and degeneration, and that reform was replaced by conservatism and [word indistinct].

A newspaper for Korean residents overseas reported: The Kim Yong-sam regime, which was inaugurated as the so-called civilian government, sank into total crisis in less than two years. The Kim regime began to show its fundamental limitations within a year after its inauguration and is now making clear its antinational, anti-democratic, and antireunification colors. It is these days called a military regime and completely rejected by fellow countrymen in the North and South and abroad.

A poll by a South Korean survey organization shows 92 percent of the respondents are opposed to the Kim Yong-sam civilian regime. This is why Kim Yong-sam is called 8-percent president.

This is no coincidence. What the traitor Kim Yong-sam did during the two years in office is that he sold out national dignity and interests by pursuing the toadyist and treacherous policy and the policy of relying on outside forces, blocked all channels of North-South dialogue, committed even an antipopular rash act of wielding swords at the painful hearts of his fellow countrymen, brought the situation to the worst confrontational phase, and turned South Korea into a wasteland of democracy and human rights worse than the one that existed during the military dictatorships by enforcing a menacing security-oriented rule. He sank the economy and the people's livelihood into extreme distress and turned South Korea into a living hell where various crimes and social vices are rampant.

People expected that because Kim Yong-sam once was in an opposition party and raved about democracy, and loudly cried for change and reform, this fellow would abolish the National Security Law, the Agency for National Security Planning, and other vicious fascist laws or fascist mechanisms and call the ringleaders of the 12 December coup d'etat to enforce discipline in the military and the Kwangju mass massacre to account for their crimes. However, those old vices are rampant under the protection of the civilian regime.

The Kim Yong-sam clique, which said it would build a society where those who work hard get rich, deprived 10 million workers of their right to existence by pursuing the policy of freezing wages, severed the lifelines of 6 million South Korean farmers by opening up the rice market, and unhesitatingly committed other antinational crimes. The people's indignation is mounting high in South Korea.

Even people of Pusan and South Kyongsang Province who voted for Kim Yong-sam in the recent election after

being cheated by his superfluous campaign promises are now saying they would like to cut their own fingers with which they voted for him. Why are they doing so?

As the traitor Kim Yong-sam's reform policy, its policy toward the North, and its foreign policy have collapsed completely, rumors persist in even the South Korean ruling class that the current regime should not be allowed to carry out state affairs and that the president should be replaced before his term expires.

Flustered at this, the traitor Kim Yong-sam put forth the slogan of globalization as a last resort. However, the people reject it as a slogan for national destruction. The Kim Yong-sam civilian regime is literally surrounded by foes on all sides.

Nevertheless, the traitor Kim Yong-sam still praised himself this time, while raving about change and reform. This is another shameless, deceptive trick to save his own face even a little by misleading public opinion at home and abroad. However, truths cannot be concealed, and criminals will not be able to go unpunished. The traitor Kim Yong-sam will merely go to the graveyard of history after being harshly punished by the people.

### **ROK Urged To Cancel Decision on Nuclear Dump**

*SK0103021595 Pyongyang Korean Central*

*Broadcasting Network in Korean 2211 GMT 28 Feb 95*

[FBIS Translated Text] According to Seoul radio, on 27 February the South Korean authorities officially announced a final decision to build a nuclear waste dump on Kurop Island, despite the strong opposition and denunciation from people at home and abroad.

After mapping out the so-called development plan for a radioactive waste management facility district, the puppets are going to build a permanent facility on Kurop Island with a disposing capacity of 100,000 drums of radioactive waste, as well as a research center on Tokchok Island; thus, they will completely turn the Kurop District into a nuclear waste dump.

The Kim Yong-sam puppet clique finally decided to build a nuclear waste dump on Kurop Island, located near the northern half of the Republic, being unsatisfied with contaminating South Korea's land, rivers, and sea with nuclear waste. This is a new criminal act and grave provocation aimed at bringing the damage derived from radioactive material to our people; it must be withdrawn immediately.

### **'Grave Provocative Crime'**

*SK0103112995 Pyongyang KCNA in English 1042 GMT 1 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—The South Korean authorities on February 27 officially declared Kulop Islet a nuclear waste dump in defiance of the strong protest of the people at home and abroad, according to a radio report from Seoul.



The puppets plan to build there a facility capable of permanently storing 100,000 drums of radioactive waste.

Having polluted the land, rivers and seas of South Korea with nuclear waste, the Kim Yong-sam puppet clique, as if it were not enough, has finally chosen Kulop Islet near the North as a nuclear waste dump. This is one more grave provocative crime to inflict damages from radioactive materials upon the fellow countrymen in the North, too.

The Kim Yong-sam puppet clique must cancel the plan at once.

### **South Side Headquarters of Pomminnyon Inaugurated**

*SK2802105295 Pyongyang KCNA in English 1008 GMT 28 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—The South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) was inaugurated at a meeting held at Hanyang University in Seoul on Saturday last week.

At the inaugural meeting, Chairman of the Headquarters Kang Hui-nam made an address, which was followed by a congratulatory speech by its Permanent Advisor Sin Chang-kyun.

A declaration on the formation of the headquarters and an appeal to the 70 million fellow countrymen were adopted there.

And a congratulatory message to the headquarters from the North side headquarters of Pomminnyon was read out.

The declaration notes that Pomminnyon was formed in the North and different regions abroad in response to the ardent desire to the entire fellow countrymen to reunify the country on the basis of the three principles of independence, peaceful reunification and great national unity by the efforts of the nation itself, united in one body, irrespective of differences in ideology, political view, religious belief, class, stratum and residence.

Recalling that the formation of the South side headquarters had been put off due to repression and obstruction by the separatist forces within and without, it says:

"The Pomminnyon movement is a tripartite solidarity movement which is not inclined to either the South or the North, and a movement for achieving the independence of the nation and the great unity of the whole nation, regardless of region, class and stratum."

"Formally announcing today the formation of Pomminnyon, an organizational entity of great national unity representing the will of the whole nation for reunification, here in the South," the declaration stresses, "We solemnly pledge to the entire fellow countrymen to

remain more faithful to the national-historic demand for the three parties, the South, the North and overseas, to jointly struggle for the independent and peaceful reunification of the country in solidarity with each other on the principle of mutual benefits and equality."

It states that the South side headquarters of Pomminnyon will go shoulder to shoulder with anyone who truly wants independence and peaceful reunification of the country, and calls upon political parties, public organizations and individual personages, who are willing to achieve national independence and peaceful reunification, to join the ranks of Pomminnyon.

The appeal addressed to the 70 million fellow countrymen calls for turning out in the struggle for the termination of the state of truce, conclusion of a peace agreement between the North and the U.S. and abrogation of the "National Security Law" in the South so as to create a dramatic phase for national reunification and in the struggle for establishing a unified confederal state.

It says that the 70 million fellow countrymen should pool their efforts to grandly hold the pan-national rally and successfully win great national unity this year marking the 50th anniversaries of national division and liberation.

"To reunify the nation and establish a unified confederal state in the 90s a definite goal of all our fellow countrymen," the appeal stresses, and says:

"No force can block and split the powerful flow of our 70 million fellow countrymen determined to win national reunification with great national unity of the compatriots in the North, the South and overseas."

### **North Pomminnyon Headquarters Greets South Side**

*SK2802052195 Pyongyang KCNA in English 0435 GMT 28 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—The North side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) on February 25 sent a message of greetings to the South side headquarters of Pomminnyon on its formation.

The message says that the formation of the South side headquarters of Pomminnyon is a fine fruition of the patriotic will of its members to achieve the historical cause of national reunification with the concerted efforts of the whole nation and of their indomitable fighting spirit and a common victory of all pro-reunification, patriotic forces.

With the formation of the South side headquarters, Pomminnyon has come to perfect its appearance as a nationwide alliance of the reunification movement involving the North, the South and overseas and an organisational foundation was laid to further expand and develop the future reunification movement of Pomminnyon, the message says, adding:



Our North side headquarters hopes that the South side headquarters which has just announced its first start will make big achievements in the patriotic activities to accomplish the cause of national reunification by further strengthening its organisation this year and promoting solidarity and joint actions with movement organisations and people of various social strata at home and abroad aspiring after peace and reunification of the country.

### **U.S. 'Watching' for 'Chance To Invade' DPRK**

*SK0103043695 Pyongyang KCNA in English 0433  
GMT 1 Mar 95*

["Aerial Espionage on 190 Occasions"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—The U.S.' imperialists conducted aerial espionage on the northern half of Korea on 190 occasions in February.

Participating there were reconnaissance planes of various types from overseas bases and in South Korea.

Especially E-3 early warning plane flew on 11 occasions, P-3 patrol plane on 6 occasions and U-2 high-altitude strategic reconnaissance planes on 30 occasions.

This fully shows that the U.S. imperialists are watching for a chance to invade the North, going against the trend of the times.

### **Reportage on Mourning, Funeral for O Chin-u**

*SK0103154395 Pyongyang KCNA in English 1537  
GMT 1 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—A solemn state funeral was held here today for marshal of the Korean People's Army [KPA] O Chin-u, member of the Presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea [WPK], first vice-chairman of the National Defence Commission of the DPRK, member of the Central Military Commission of the WPK and minister of the People's Armed Forces.

Present were members and alternate members of the Political Bureau of the WPK Central Committee, vice marshals of the Korean People's Army, secretaries of the WPK Central Committee, members of the state funeral committee as well as the bereaved family and relatives of the deceased.

Guards of honor of the three services of the KPA were standing by the bier lying in state at the February 8 House of Culture.

The coffin was borne out while the band played the dirge.

The armored car carrying the coffin left the plaza of the February 8 House of Culture and headed for the Revolutionary Martyrs' Cemetery on Mt. Taesong, escorted by motorcycles. Soldiers of the People's Army, workers, cooperative farmers and office employees were lining along the streets through which the armored car passed.

They saw off the car, expressing deep condolences over the death of O Chin-u, who was the most faithful revolutionary soldier of the great leader President Kim Il-song, the closest revolutionary comrade-in-arms and revolutionary comrade of Comrade Kim Chong-il and a faithful son of our party and people.

The armored car arrived at the Revolutionary Martyrs' Cemetery on Mt. Taesong in Pyongyang.

Guards of honor of the three services of the KPA were lined up in the cemetery.

A bust of the late O Chin-u was erected in the cemetery.

A solemn ceremony took place at the cemetery to bid the last farewell to the deceased.

It was attended by the great leader of our party and our people Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army.

It started with the playing of the national anthem.

Choe Kwang, Politburo member of the WPK Central Committee, vice-chairman of the National Defence Commission of the DPRK, member of the Central Military Commission of the WPK and chief of the General Staff of the Korean People's Army, made a funeral address.

The body of the deceased was buried in the cemetery while the dirge was played and a volley was fired.

Wreaths were laid before it.

The band played the dirge.

Comrade Kim Chong-il together with senior party and state officials and participants in the funeral observed a moment's silence in memory of the late O Chin-u.

O Chin-u made a distinguished contribution to the successful solution of the question of succession to leadership for the accomplishment of the revolutionary cause.

With a noble sense of obligation to the leader, he set an example of true loyalty to the leader during his revolutionary struggle under the leadership of President Kim Il-song, and discharged his duty and obligation as a veteran revolutionary for the inheritance and accomplishment of the revolutionary cause of chuche, assisting Comrade Kim Chong-il by his side.



### Foreigners Send Wreaths

SK2802052095 *Pyongyang KCNA in English 0425*  
GMT 28 Feb 95

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—Wreaths came from Sani Abacha, head of state, commander-in-chief of the Armed Forces and defence minister of the Federal Republic of Nigeria, and Raul Castro Ruz, minister of the Revolutionary Armed Forces of the Republic of Cuba, on the occasion of the death of marshal of the Korean People's Army O Chin-u, member of the presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea, first vice-chairman of the National Defence Commission of the Democratic People's Republic of Korea, member of the Central Military Commission of the Workers' Party of Korea and minister of the People's Armed Forces.

The diplomatic envoys of Nigeria and Cuba to Korea laid the wreaths beside the bier of the deceased lying in state at the February 8 House of Culture on February 27.

On the same day, officials of Cuban and Iranian Embassies presented wreaths and paid a moment's silent tribute to the memory of the deceased.

### PRC Officials Pay Call on Embassy

SK2802233595 *Pyongyang Korean Central*  
Broadcasting Network in Korean 2106 GMT 28 Feb 95

[FBIS Translated Text] Upon the death of Comrade O Chin-u—member of the Presidium of the Political Bureau of the Workers' Party of Korea Central Committee, first vice chairman of the DPRK National Defense Commission, member of the party's Central Military Commission, minister of the People's Armed Forces, and marshal of the Korean People's Army—Comrade Liu Huaqing, member of the Presidium of the CPC Central Committee Political Bureau and vice chairman of the CPC Central Military Commission, paid a condolence call at the our country's embassy in Beijing on 28 February.

Chi Haotian, member of the CPC Central Committee and national defense minister; Li Chengren, deputy head of the CPC Central Committee International Liaison Department; Wang Yingfan, assistant minister of foreign affairs; Xu Qun, vice president of the Chinese People's Association for Friendship With Foreign Countries; Gan Yetao, vice president of the PRC-DPRK Friendship Association; and other functionaries concerned visited our embassy along with Comrade Liu Huaqing to express condolences.

A photo of late Comrade O Chin-u lay in front of the mourning place. A wreath in the name of Liu Huaqing, member of the Presidium of the CPC Central Committee Political Bureau and vice chairman of CPC Central Military Commission, and wreaths in the names of the CPC International Liaison Department, the PRC Ministry of Foreign Affairs, the Ministry of National

Defense, and the PRC-DPRK Friendship Association lay beside the photo. Words expressing deep condolence over the death of Comrade O Chin-u were written on ribbons attached to the wreaths.

Chu Chang-chun, our country's ambassador to the PRC; military attache Kim Pyong-ho; and other embassy functionaries took charge of the mourning service.

While a dirge played, Comrade Liu Huaqing paid a silent tribute and wrote a message on the mourners' book.

### PRC Military Leaders Visit Embassy

SK0103000795 *Pyongyang Korean Central*  
Broadcasting Network in Korean 2108 GMT 28 Feb 95

[FBIS Translated Text] Upon the death of Comrade O Chin-u—member of the Presidium of the Political Bureau of the Workers' Party of Korea Central Committee, first vice chairman of the DPRK National Defense Commission, member of the party's Central Military Commission, minister of the People's Armed Forces, and marshal of the Korean People's Army—Zhang Wannian, chief of the General Staff of the Chinese People's Liberation Army [PLA]; Tang Tianbiao, assistant director of the PLA General Political Department; Wang Tailan, deputy director of the General Logistics Department; (Xu Gensheng), deputy commander of the PLA Navy; (Yang Yongchang), deputy director of the PLA Air Force Political Department; and other leading cadres of the PLA paid a condolence call on the our country's embassy in Beijing on 28 February.

While a dirge was played, the mourners paid a silent tribute to the memory of Comrade O Chin-u.

### KCNA Reports on Mourning Visits

SK0103043395 *Pyongyang KCNA in English 0427*  
GMT 1 Mar 95

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—Officials of party and government bodies, administrative and economic organs, military and central organs, public organisations, men of science, education, culture and art, public health and the press, people of different social strata and People's Army soldiers in Pyongyang visited the bier of Marshal of the Korean People's Army O Chin-u, member of the Presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea, first vice-chairman of the National Defence Commission of the Democratic People's Republic of Korea, member of the Central Military Commission of the Workers' Party of Korea and minister of the People's Armed Forces, and expressed deep condolences over his death.

Endless were the ranks of mourners visiting the February 8 House of Culture where the bier of the deceased is lying in state, feeling deep sorrow at the loss of O Chin-u, the most faithful revolutionary soldier of the great leader



President Kim Il-song, the closest revolutionary comrade-in-arms and revolutionary comrade of the great leader Comrade Kim Chong-il and a faithful son of our party and people.

The mourners paid a moment's silent tribute to the memory of the deceased.

### **Kim Chong-il Attends Funeral**

*SK0103103695 Pyongyang KCNA in English 1023 GMT 1 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—A solemn state funeral was held here today for the late Marshal of the Korean People's Army O Chin-u, member of the Presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea [WPK], first vice-chairman of the National Defence Commission of the DPRK, member of the Central Military Commission of the WPK and minister of the People's Armed Forces.

The great leader of our party and our people Comrade Kim Chong-il, chairman of the National Defence Commission of the DPRK and supreme commander of the Korean People's Army, was present at the funeral.

The body of the deceased was buried in the Revolutionary Martyrs Cemetery on Mt. Taesong in Pyongyang.

A bust of O Chin-u was set up in the cemetery.

Comrade Kim Chong-il together with senior party and state officials paid a moment's silent tribute to the memory of O Chin u.

O Chin-u was a revolutionary soldier most faithful to the great leader President Kim Il-song and was the closest revolutionary comrade-in-arms and revolutionary comrade of the great leader Comrade Kim Chong-il.

O Chin-u made a distinguished contribution to a successful solution of the question of succession to the leadership for the accomplishment of the revolutionary cause.

He set a brilliant example of true loyalty to the leader during his protracted revolutionary struggle under the leadership of President Kim Il-song, and discharged his duty and obligation as a veteran revolutionary for the inheritance and accomplishment of the revolutionary cause of *chuche*, assisting Comrade Kim Chong-il by his side.

### **Leaders Present at Funeral Noted**

*SK0103144595 Pyongyang Korean Central Broadcasting Network in Korean 1330 GMT 1 Mar 95*

[FBIS Translated Text] The funeral of Comrade O Chin-u, member of the Presidium of the Political Bureau of the Central Committee of Workers Party of Korea [WPK], first vice chairman of the DPRK National

Defense Committee, member of the WPK Central Military Commission, minister of the Ministry of the People's Armed Forces, and marshal of the Korean People's Army [KPA], was solemnly carried out in Pyongyang as a state funeral.

The 8 February House of Culture, where late Comrade O Chin-u's coffin will be borne to the hearse, the streets of the capital, and the Taesongsan Revolutionary Martyrs Cemetery were in great sorrow in bidding the last farewell to Comrade O Chin-u, a faithful son of our party and people and a renowned activist of the party, the state, and the military. From the early days in which he started the revolutionary struggle until the last moment his heart stopped beating, he wholeheartedly upheld the leadership of the party and the leader, struggled by devoting his all for our people's freedom and happiness and for the consummation of the *chuche* revolutionary cause; and he made a distinguished contribution to the successful solution of the question of succession to the leadership for the accomplishment of the revolutionary cause by discharging his duty and obligation as a veteran revolutionary.

Comrade Kang Song-san, member of the Political Bureau of the WPK Central Committee and premier of the Administration Council; Comrades Yi Chong-ok, Pak Song-chol, Kim Yong-chu, members of the Political Bureau of the WPK Central Committee and vice presidents of the DPRK; Comrade Kim Yong-nam, member of the Political Bureau of the WPK Central Committee, vice premier of the Administration Council and foreign minister; Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee, vice chairman of the DPRK National Defense Committee and chief of the General Staff of the KPA; Comrade Kye Ung-tae, member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Chon Pyong-ho, member of the Political Bureau of the WPK Central Committee and member of the DPRK National Defense Committee; Comrade Han Song-yong, member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrades Choe Yong-nim and Hong Song-nam, candidate members of the Political Bureau of the WPK Central Committee and vice premiers of the Administration Council; Comrade Yang Hyong-sop, candidate member of the Political Bureau of the WPK Central Committee and chairman of the Supreme People's Assembly; Comrade Hong Sok-hyong, candidate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Commission; Comrades Yi Ul-sol, Kim Kwang-chin, and Kim Pong-yul, members of the DPRK National Defense Commission and KPA vice marshals; Comrade Paek Hak-nim, KPA vice marshal; Comrades Kim Ki-nam, Kim Kuk-tae, Kim Chung-nin, So Kwan-hui, and Kim Yong-sun, secretaries of the WPK Central Committee;



Comrade Chon Mun-sop, chairman of the State Inspection Commission of the Central People's Committee; commanding generals of the KPA branches of arms and services; KPA generals and officers; and bereaved family and relatives of the departed attended the funeral. Honor guards of the KPA Army, Navy, and Air Force stood next to the hearse of the departed.

#### **Gathering Held With PRC Embassy Officials**

*SK2802045095 Pyongyang KCNA in English 0429  
GMT 28 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—A friendly gathering with officials of the Chinese Embassy in Korea was held at the Changdok School in Pyongyang on February 27 on the occasion of the 30th anniversary of the opening of friendly relations between the school and the Yuwen Middle School in Jilin, China.

The participants saw a performance given by the art circle members of the school and played sports and amusement games together, deepening Korea-China friendship.

#### **PRC Branch of Pomminnyon Publishes Magazine**

*SK2802042695 Pyongyang KCNA in English 0402  
GMT 28 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 27 (KCNA)—The headquarters of Korean residents in China of the National Alliance for the Country's Reunification (Pomminnyon) published the first issue (Jan. 1, 1995) of its magazine "Paektu-Halla".

The magazine carries the joint editorial of NODONG SINMUN, CHOSONINMINGUN and NODONG CHONGNYON, which was published on the occasion of the New Year 1995, and the appeal to political parties, organizations and fellow countrymen from all walks of life in South Korea and overseas, which was adopted at the joint meeting of political parties and organizations of the Democratic People's Republic of Korea.

Printed in it are also an article titled "Portrait of Great Man" carrying reverence of South Korean people for the great leader Comrade Kim Chong-il and the song "Thunder Over Chong-il Peak", a song praising him. And given is an account of a seminar on his famous work "Socialism Is a Science" held by citizens of the Hunchun Branch of the headquarters.

Besides, the magazine runs a statement of the headquarters hailing the call of the joint secretariat of Pomminnyon for adorning this year as a "year of grand march toward reunification", and an article entitled "'National Security Law', Which Bars the North-South Dialogue and Kills South Korean Society, Must Be Abrogated at Once" and other articles.

#### **Papers Mark Anniversary of 1 Mar 'Uprising'**

*SK0103110795 Pyongyang KCNA in English 1019  
GMT 1 Mar 95*

["Papers Call For Opening New Phase of National Reunification"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—Papers here today dedicate editorials to the 76th anniversary of the March 1 popular uprising (March 1, 1919).

NODONG SINMUN says that the March 1 popular uprising, which began with a massive anti-Japanese demonstration in Pyongyang, was an eruption of the pent-up grievances and resentment of the Korean people against the brigandish repressive rule of the Japanese imperialists and their brutal atrocities. Recalling that the struggle swept the whole country in a flash and even spread to northeast China, maritime province of Russia, Japan and other foreign regions where Koreans lived, the editorial of the paper says:

The popular uprising left a serious lesson that, if the masses of the people, the makers of history, were to win the struggle for national independence and social progress, they must wage an organized struggle based on scientific strategy and tactics under the leadership of a distinguished leader and counter the counterrevolutionary violence with a revolutionary violence. The earnest desire of all the fellow countrymen for the appearance of a distinguished leader, who would lead the anti-Japanese national liberation movement to victory, was fully realized when the respected leader Comrade Kim Il-song, a peerless patriot and the sun of the nation, stood at the head of the Korean revolution, shouldering the destiny of the country and the nation.

The great leader Comrade Kim Il-song, basing himself on a profound analysis of the essential shortcomings of the preceding nationalist movement and the early communist movement in Korea, founded the immortal chuche idea and showed the path of the Korean revolution with its bright rays and successfully accomplished the historical cause of national liberation by organizing the arduous anti-Japanese armed struggle and leading it to victory.

Noting that the desire of those who rose in the March 1 uprising has not yet been carried into practice in a half of the country and the South Korean people are mercilessly trampled down under the colonial rule of outside forces still now, the editorial says:

Facts show that, with the Kim Yong-sam group left alone, the South Korean people cannot be freed from the domination of and dependence upon outside forces and the democratic development of South Korean society and the reconciliation and unity of the nation and reunification cannot be achieved.

It is the behests of the great leader President Kim Il-song to accomplish the cause of national reunification within the present century without fail.

When August 15 of this year marking the 50th anniversary of national liberation is celebrated jointly by the people in the North, the South and overseas and a grand national conference is convened, it will be a historical



landmark in demonstrating the unshakable will of the fellow countrymen to decidedly terminate the 50-year long history of division and greet the era of reunification.

All the Koreans in the North, the South and overseas who share the will to achieve reunification in the 90s, should closely unite as one nation, irrespective of differences in party and grouping, political view and religious belief, under the banner of the 10-point programme of the great unity of the whole nation and make a tangible contribution conforming to their conditions and circumstances, to making the 50th anniversary of national liberation a turning point in opening a new history of building a unified country.

And they should continue their vigorous struggle to check and frustrate the anti-reunification confrontation moves of the South Korean rulers and have all the institutional and legal devices barring contact and dialogue between the North and the South and obstructing reunification, including the "National Security Law", abolished.

MINJU CHOSON declares that no force on earth can block the powerful grand reunification march of the Korean people along the road to national reunification under the wise leadership of the great leader Comrade Kim Chong-il.

#### **Russian Embassy Holds News Conference on Address**

*SK2802043995 Pyongyang KCNA in English 0422 GMT 28 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—A press conference was called at the Russian Embassy in Pyongyang on February 27.

Present there were newspaper, news agency and radio reporters in Pyongyang, press officials of foreign embassies and foreign correspondents in Korea.

Russian Ambassador to Korea Yuriy Fadeyev spoke at the press conference.

He introduced the contents of the recent annual address of the Russian president made before the deputies to the Federal Assembly of the Russian Federation.

Answers to questions put by reporters were made.

#### **Britain's Peregrine, Taesong Set Up Joint Bank**

*SK2802051795 Pyongyang KCNA in English 0455 GMT 28 Feb 95*

["Peregrine-Taesong Development Bank Founded"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—The Peregrine-Taesong Development Bank was set up.

A ceremony for signing an implementation agreement on the foundation and operation of the Peregrine-Taesong Development Bank between the External Economic Affairs Commission and the Central Bank of the Democratic People's Republic of Korea, and the Peregrine Investments Holdings Limited and the Peregrine D.P.R.K. Limited of Britain was held at the Mansudae Assembly Hall in Pyongyang on February 27.

The agreement was signed by Vice-chairman of the State External Economic Affairs Commission Kim Chong-u, President of the Central Bank Chong Song-taek and Chairman of the Peregrine Investments Holdings Limited Philip Leigh Tose.

Meanwhile, a plan of contracts between the Korean Taesong Bank and the Peregrine Investments holdings limited was signed.

A delegation of the Peregrine Investments Holdings Limited headed by its Chairman Philip Leigh Tose visited Korea from February 26 to 28.

Vice-premier of the Administration Council Hong Songnam met the delegation during its stay in Korea.

Vice-chairman of the State External Economic Affairs Commission Kim Chong-u and President of the Korean Taesong Bank Yi Hong separately met the delegation and exchanged views on investments in the Najin-Sonbong free economic and trade zone and on other matters of common concern.

The delegation consists of seven persons including Michael Benson, chief executive for Asia-Pacific of the Invesco Asia Limited.

While staying in Pyongyang, the delegation laid bouquets before the statue of the great leader President Kim Il-song on Mansu Hill and paid him homage and toured various places of the city.

The law of the Democratic People's Republic of Korea on foreign-invested banks which was adopted on November 24, 1993, offers good opportunities to foreign investment organs and investors.

#### **Foreign Media Report Biography of Kim Chong-il**

*SK2802112295 Pyongyang KCNA in English 1027 GMT 28 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—The brief biography of the great leader Comrade Kim Chong-il was reported by foreign media.

The Peruvian paper EL MATUTINO printed a portrait of Comrade Kim Chong-il and carried the full text of his brief biography.

The paper said:

"His Excellency Kim Chong-il is an outstanding thinker and theoretician who has developed and enriched the immortal chuche idea.



"He is also an outstanding leader who guides the Democratic People's Republic of Korea to independence, sovereignty and prosperity."

The brief biography was carried also by the Bangladeshi papers THE NATION, DAILY GOOD MORNING, BANGLA BANI, NATUN BANGLA, NATUN KATA, JANATA, AZIKHER KHAJOZ, ITTEFAQ, DAINIK BANGLA AND COMMUNIST, the Pakistani paper THE NEWS, the Yemeni paper MAY 22, the Lao paper VIENTIANE MAI, the Iranian papers SALAM and KEYHAN, the Hungarian paper SZABADSAG, the Finnish paper TIEDONANTJA, the Mexican papers LA AFICION and COMBATIENTE and the Mozambican paper NOTICIAS. The AZAP news agency of Zaire, a television of Finland and radio Puebla of Mexico, too, reported the brief biography.

#### **Kim Chong-il Thanks Units, Officials, Workers**

SK2802043295 Pyongyang KCNA in English 0420  
GMT 28 Feb 95

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—The great leader Comrade Kim Chong-il extended thanks to different units of the Land Administration Domain in North Hwanghae Province, a workshop of the Kaesong Insam Processing Factory, the Wonsan Disabled Soldiers' Plastic Daily Necessaries Factory and Chon Kyong-sun, secretary of the primary party committee of the Hwanghae General Tideland Reclamation Enterprise, for the examples they set in the fulfillment of their revolutionary tasks, intensely loyal to the party and the leader.

The units of the Land Administration Domain in North Hwanghae Province have wonderfully done afforestation and conservation and the workers of a workshop of the Kaesong Insam Processing Factory have produced various kinds of tea good for health of the people.

The officials and employees of the Wonsan Disabled Soldiers' Plastic Daily Necessaries Factory have laid new material and technical foundations for further increasing the variety of products with their technique and materials. Chon Kyong-sun has guided the masses with his practical examples to contribute to topping the enterprise's national economic plan for years.

Comrade Kim Chong-il extended thanks also to the Sangwon Cement Complex, the April 13 Technical Company of the Ministry of Machine-Building Industry, the Pyongyang Piano Joint Venture Company and Hong Myong-su, an instructor of the State External Economic Affairs Commission, for their contribution to developing the nation's industry and boosting the international prestige of the country.

#### **Paper on Kim Chong-il's Work on Socialism**

SK0103114395 Pyongyang KCNA in English 1051  
GMT 1 Mar 95

["Highly Important Guideline Proving Invincibility of Cause of Socialism"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—NODONG SINMUN today carries an article on the lapse of two years since the publication of the famous work of the great leader Comrade Kim Chong-il "Abuses of Socialism Are Intolerable."

The author of the article says:

The great significance of the work lies, above all, in that it serves as a scathing indictment exposing in the raw the unreasonableness of the sophistry of the bourgeois restorers abusing socialism.

Pointing out that all shades of malicious anti-socialist propaganda slandering socialism as "totalitarian", "bar-racks-like" and "administrative and commanding" [word indistinct], in the final analysis, intended to villify socialist collectivism and praise bourgeois individualism, Comrade Kim Chong-il gave a clear answer as to the superiority of socialist collectivism over bourgeois individualism.

Socialism can be said to be a society based on collectivism, for it places the demand and interests of the social collective before anything else, while capitalism can be said to be a society based on individualism, for it places the demand and interests of the individuals above all [word indistinct] man's independent demand can be realized most creditably through collectivism.

Another significance of the work lies in that it is a bright beacon clearly showing to progressive humankind the looks of [word indistinct] socialism by developing and completing socialist idea from a new angle with the popular masses in the centre.

As indicated in the work, true socialism is an advanced society where the popular masses are the masters of everything and everything serves them and which is steadily developing by the united strength of the popular masses.

The emergence of the ideology and theory of respected Comrade Kim Chong-il on the essence of socialism and the law of its development signifies a great historic event that turned the socialist idea into a man-centred idea from an idea centred on materials and economy and it is a powerful ideological and theoretical weapon that brought down a sledgehammer on the heads of the imperialists and renegades of socialism slandering socialism.

The significance of the work also lies in that it is a great inspiring banner that made the Korean people have the unshakable conviction that Korean-style socialism is the best.

The chuche-based socialist idea propounded by respected Comrade Kim Chong-il has been carried into a stark reality in Korea.

The Korean people are all evenly well off, free from worries about living, fully displaying their creative talent in jobs suitable to their attainments and capacities,



leading an independent political life as the masters of the state and society, affiliated with certain public and political organizations. The idea and theory of the work profoundly proving the essential advantages of anthropocentric socialism deepen the faith of the Korean people that Korean-style socialism is, indeed, a true typical model of socialism and our socialist motherland is the best.

#### **Visitors Lay Floral Basket at Kim Il-song Statue**

*SK2802045395 Pyongyang KCNA in English 0430  
GMT 28 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—Participants in a meeting of Asian member states of the Organisation of Railways Cooperation who have come to discuss the trade freight schedule for the year of 1995 laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang on February 27.

They presented the floral basket before the statue with unbounded reverence for President Kim Il-song who had devoted his whole life to the global independence and to the strengthening and development of the international communist movement and paid homage to him.

#### **Power Ministry Urges Conservation of Electricity**

*SK2802012995 Pyongyang MINJU CHOSON in  
Korean 17 Jan 95 p 1*

[By reporter Paek Il-su: "Let Us Substantially Carry Out the Struggle for Electricity Conservation—From the Ministry of Power Industry"]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il has pointed out:

"The struggle to conserve electricity must be strongly carried out."

Under the guidance of the party organization, the Ministry of the Power Industry is widely explaining and spreading among functionaries its intention to vigorously carry out the struggle to conserve electricity, and is closely carrying out the work to fulfill its intention.

All departments within the ministry are actively discussing and investigating methods to substantially carry out the struggle to conserve electricity. Thus, various organizational tasks are being carried out.

Functionaries of the electric transmission and substation guiding bureau, who are deeply aware of the importance of the duty they are entrusted with in further smoothly supplying electricity to the people's economy, which is increasing with each passing day, are all the more carrying out the guidance work of general enterprises of electric transmission sites and substations in the provinces and of substations in cities and counties. In particular, they have once again rationally adjusted and arranged the electrostatic condensers which were already

facilitated and operating in electric transmission sites and substations. Thus, they are placing great emphasis on eliminating the loss of electricity.

Also, last year scores of electricity facilities—such as electric current generators, circuit breakers, and compressors—were obtained through mobilizing reserves. The voltage level of the Yonbaek Plain District was enhanced. Thus, bureau functionaries who solved the electricity problem are also planning this year's work to supply more electricity and eliminate the loss of electricity by enhancing the voltage level in regions where the electricity supply is high.

Functionaries of hydroelectric power-station guiding bureaus are advancing into power stations in each region to thoroughly establish rational measures for guaranteeing the accident-free driving of synchronous condensers; are increasing to the utmost the production of reactive power; and are putting it in electric power systems to greatly reduce the loss of electricity.

The ministry's functionaries must go to the lower echelons and strengthen political work so that plants and enterprises can thoroughly abide by the rules of the alternative production organization as well as find and accept more rational methods to smoothly supply production. Work must also be emphasized to further enhance the role of functionaries in the lower echelons so they can go into plants and enterprises, as well as to the people, to deeply explain and spread the significance and importance of the work to conserve electricity so that the struggle to conserve electricity can be vigorously carried out as an all-masses movement.

#### **'Sustained Great Innovations' in Production Noted**

*SK2802041695 Pyongyang KCNA in English 0406  
GMT 28 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 27 (KCNA)—Working people across the country are reporting sustained great innovations in production in their all-out drive for the implementation of the revolutionary economic strategy of the Workers' Party of Korea.

Coal mines in South Pyongan Province including Anju, Pukchang and Sunchon area coal complexes have augmented the daily results of capital and preparatory tunnelling 10 percent and coal output 20 percent this month as against that at the beginning of the year. They turned out 10,000 tons of coal outside the plan in recent ten days alone.

Power stations including the Pyongyang Thermal Power Complex and the Hochongang Power Station are overfulfilling their daily assignments these days. Especially, the Wiwon Power Station hit its February target at 103 percent on the 15th.

The Kim Chaek and Hwanghae Iron and Steel Complexes lifted production respectively 15 and 40 percent



in January as above the corresponding period of last year. They are making greater achievements in production this month.

In recent 20 days or more the Korean Pidan Associated Group boosted its industrial output value 30 percent and ordinary textile output 20 percent as above the same period of the previous month.

In this period, the associated Marine Transport Bureau increased its industrial output value 30 percent and freight turnover 4 percent.

The locomotive corps under the Ministry of Railways carried far above ten thousand tons of more freight than the rated traction tonnage in the recent week by waging a dynamic extra-haulage drive.

#### **'Effective' Use of Counties' Conditions Urged**

SK2802143495 Pyongyang MINJU CHOSON in  
Korean GMT 11 Jan 95 p 2

[Article by Yi Yong-min: "To Make Effective Use of the Counties' Natural and Geographical Conditions Is a Demand To Develop Local Economy and Improve People's Livelihood"]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il has put forth a programmatic task to enhance the counties' role to effect a turn in the people's livelihood; and he has elucidated, in a wholesale way, the direction and ways to accomplish such a task.

The great leader [yongdoja] Comrade Kim Chong-il's policy is the most just and scientific one to quickly develop the country's economy in conformity with the realistic demands of our developing revolution and with the specific conditions of the socialist construction, and to successfully solve the question concerning the people's livelihood.

One of the important questions arising from enhancing the counties' role to improve people's livelihood is to make an effective use of the counties' natural and geographical conditions.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out:

"In order for counties to manage their economic life on their own, it is necessary to make an effective use of the counties' natural and geographical conditions, and to search for and mobilize all sources and potentials of local areas to the maximum extent."

A county is a regional position and a regional unit—which is responsible for a certain area of the country—in the socialist construction. Counties, each of which has different natural and geographical conditions, have various, natural resources and many reserves which they can mobilize and utilize. Therefore, when the counties' natural and geographical conditions are effectively utilized, it is possible to quickly develop the country's economy

and further improve the people's livelihood by searching for and mobilizing all sources and potentials of local areas to the maximum extent.

The development of the local economy, whose unit is each county, is importantly connected with the question of how to effectively utilize the natural and geographical conditions that exist within each county.

Natural and geographical conditions are not fixed and immovable. As science and technology develop, and as man's power to conquer nature becomes stronger, the natural and geographical conditions, in which people were not interested in the past, will be utilized in conformity with people's demands. Therefore, natural and geographical conditions vary, depending upon how people utilize them. As the saying goes: There is no unarable land for a diligent farmer; when one makes persistent efforts while trusting in one's own strength, one can facilitate the development of the local economy even under any adverse conditions and in any region that has unfavorable conditions.

Earlier, on the basis of his scientific analysis of the status and role of counties in the socialist construction, the great leader Comrade Kim Il-song elucidated the direction and ways to make an effective use of the natural and geographic conditions of counties in order to manage the economic life of counties with the counties' own strength; and he laid the firm foundation to develop the local industry and agriculture. This is a precious legacy and treasure that the great leader left to us. At the present moment, to effectively utilize the natural and geographic conditions is the most honorable and rewarding work to accomplish the great leader's last wishes and glorify the treasures provided by the leader [suryongnim].

To effectively utilize the natural and geographical conditions of counties is, above all, an important demand to increase agricultural production and develop local industry.

Agriculture and local industry hold a leading position in the local economy. Therefore, to develop the local economy, it is necessary to concentrate efforts on the agriculture and local industry. To this end, it is necessary to make an effective use of the natural and geographical conditions of one's own region.

To develop the local economy, it is, first of all, necessary to concentrate efforts on doing farming well.

Natural and geographic conditions, which affect the development of the local economy, vary from county to county. Counties differ from each other in terms of natural and climatic conditions, the size of arable land, and the fertility of land; and each county's utilization rate of those conditions and land is also different. But, if one makes a correct use of the natural and geographic conditions of counties, one can do farming well in any place, be it a flat area, an intermediary area, or a mountainous area. If one cultivates land, distributes



crops correctly, and manures and tends crops well in conformity with the county's topography, climate, and soil conditions, one can greatly increase grain production; actively protect and readjust land in conformity with the characteristics of one's own region; acquire new land; increase the size of arable land; and produce more varieties of grain. If counties carry out animal husbandry, including the raising of pigs, chickens, ducks, and geese, on a large scale in conformity with the natural and geographic characteristics of their regions; cultivate more orchards; and develop agriculture in a multifaceted way, while concentrating their efforts on increasing grain production, then, one can decisively increase agricultural production and smoothly solve the food problem of the people in the counties.

To effectively utilize the natural and geographic conditions of counties is also a rational way to successfully solve the question concerning raw materials of the local industry and effect a milestone in the production of people's consumer goods.

Originally, local industry's basic duty is to satisfy its own local people's demand, while depending upon its own regional sources of raw materials. Therefore, the question of normalizing the production of local, industrial plants depends on how to search for and mobilize their own sources of raw materials. Local regions have many sources of raw materials and reserves they can mobilize and utilize on their own. Our country's mountains abound with wild fruits, wild berries, and wild greens; the seas abound with fish and seaweed. All of these can be gathered, as they are, from where they are grown. If each region gathers them in their right season and processes them well after working out wonderful measures to store them, then, each region can produce various processed fruit and fishery products on its own and supply the county people with those products according to schedule.

An important way to solve the question concerning the raw materials of a local industry is to firmly fortify the local industry's own base for the cultivation of raw materials in conformity with the natural and geographic conditions of the counties. Each county can better solve the question concerning raw materials of the local industry, if each county secures more than 200 chongbo [one chongbo is equivalent to 2.451 acres] of its base of the cultivation of raw materials and if foodstuff plants secure more than 50 chongbo of their own base of the cultivation of raw materials in conformity with their own regional characteristics, while well manuring and tending such bases, and while carrying out the nature-remaking work—including the afforestation work—which counties can carry out on their own, in a far-sighted way and according to schedule. And, if counties dig up coal everywhere by vigorously struggling to develop underground resources, and if they increase the production of mine ores by developing mines, they can smoothly solve the question concerning fuel and power of local industrial plants with their own strength.

To effectively utilize the natural and geographic conditions of counties is also an important demand to thoroughly accomplish the party's trade-first policy.

In order to thoroughly accomplish the party's trade-first policy, each county should produce export resources in a far-sighted way, and mobilize and utilize them in a planned way.

If local regions actively find out export resources and increase the production of export goods, they can normalize the production of the local industry by purchasing raw materials or other materials for which they are in short supply, and they can secure more goods which the people urgently need in their livelihood. In our country, every region has export resources which each region can search for and mobilize.

A firm guarantee to increase the production of export goods in local regions is to firmly fortify the base of the production of export goods. If local regions cultivate mulberry plantations and raise silkworms on unarable land, like a mountain area or a riverside, in consideration of the topographical characteristics of each region, they can produce many export goods. If they wonderfully process and treat rice straw or corn husk, with which our country abounds, they can export many export goods. To raise many highly valued fur-bearing animals, including castor-like rats, can serve as an effective way to increase export resources and local income in local regions. If all counties wonderfully fortify their base of the production of export goods in conformity with their regional characteristics; actively search out more export resources; vigorously wage the struggle to produce export goods; and effectively utilize what their regions have earned, then, they can quickly develop the local economy and further improve people's livelihood.

The justness and vitality of our party's policy to develop the local economy and improve people's livelihood by effectively utilizing the natural and geographic conditions of counties have been clearly corroborated by the work experiences of the functionaries of the Chonchon County Commercial Management Office and Maengsan County.

The experiences of the Chonchon County Commercial Management Office and Maengsan County show that if the functionaries exert themselves to improve people's livelihood with the singlehearted loyalty to the party and the leader [suryong], and if they lead the masses by highly displaying the revolutionary spirit of self-reliance and fortitude and the revolutionary trait of setting examples and showing by practice rather than by precept, then, they can improve people's livelihood even under any adverse conditions and then can wonderfully manage the economic life of counties.

Like the functionaries at the Chonchon County Commercial Management Office and Maengsan County, all functionaries should devote all of their energy and



talents to the struggle, and forcefully organize and mobilize the masses with the high loyalty to the party and with the self-sacrificing spirit of serving the people. And, they should develop the local economy by effectively utilizing the natural and geographic conditions of counties; and more highly display the superiority of our-style socialism by thoroughly accomplishing our party's policy to effect a milestone in the people's livelihood.

### **Party's Economic Strategy Implementation Urged**

*SK0103080495 Pyongyang MINJU CHOSON in Korean 11 Jan 95 p 1*

[Editorial: "Let Us Bring About a New Turning Point in Implementing the Party's Economic Strategy by Highly Upholding the Slogan of Self-Reliance"]

[FBIS Translated Text] Currently, all the people of the whole country are vigorously accelerating the new year's worthwhile advance to implement the party's revolutionary economic strategy by single-heartedly uniting around the great leader [yongdoja] Comrade Kim Chong-il. To bring about a new turning point in socialist economic construction by leading today's advance to victory, all functionaries and workers must all the more highly uphold the revolutionary slogan of self-reliance and thoroughly embody it.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out:

"Today, our functionaries' loyalty toward the party and the leader [suryong] must appear in the practical struggle to implement the party's economic strategy with the revolutionary spirit of self-reliance and fortitude."

The revolutionary spirit of self-reliance is a lofty revolutionary spirit implanted in our people by the great leader Comrade Kim Il-song. This is a creative spirit carrying out the revolutionary tasks that have been put forth by finding scarce items and producing what one does not have. It is also a persistent spirit of struggle for continued innovation and uninterrupted advance without knowing of the slightest hesitation and wavering even though all kinds of trials and obstacles block us. We must have the revolutionary spirit of self-reliance so that we do not depend on other people, solve all problems that have been raised with the chuche-oriented position, and implement the party's line and policy in whatever severe environment and vigorously advance the socialist cause. It was possible for our people to establish and elucidate socialism of our own style centered on the popular masses by highly upholding the revolutionary slogan of self-reliance and overcoming any barriers through their own strength in revolution and construction. The only way to live and be ever-victorious is through the road of self-reliance; through the road to adhere to the nation's sovereign right and dignity; endlessly elucidating it; and making my county and my fatherland all the more rich and powerful. This is a lofty truth confirmed by the history of our socialist construction.

Today, an important demand to implement the party's revolutionary economic strategy is for our functionaries and workers to highly uphold the revolutionary slogan of self-reliance.

Our party's revolutionary economic strategy is the most just economic construction policy presented based on having scientifically discerned the current situation of our country's economic development, inherent requirements of socialist economic development, and the changed situation at home and abroad. This economic strategy demands that our economy's infinite potential be mobilized to the utmost. Our party's strategic plan is to further strengthen the country's economic basis through our strength, technology, and our resources, and enhance the people's living standard in an epoch-making way from the principle of self-reliance.

This year is the second year of the adjustment period. When everyone further highly uphold the revolutionary slogan of self-reliance and thoroughly embody it, a new turning point in implementing the party's economic strategy can be achieved, and further elucidate socialism of our own style by consolidating like bed rock the country's economic basis. The might of the people, who are fighting by having firm faith in their strength, is infinite and no enemy can be a match for such strength of the popular masses. Last year's struggle course, which decorated the first year of the adjustment period to victory amid the acute political and military confrontation with the imperialists, clearly proves this. In today's environment in which the imperialists' pressure and blockade are being strengthened and a great change has taken place in the country's foreign relations, economic self-dependency must be all the more strengthened so that we can live with our own strength in whatever condition. If this is to be carried out, the principle of self-reliance must be firmly adhered to. The slogan of self-reliance is indeed the justest slogan coinciding with the fundamental interest of our country's socialist construction and a revolutionary slogan of turning misfortunes into blessings.

All functionaries and workers must all the more highly uphold the revolutionary slogan of self-reliance and achieve greater victories in this year's battle to implement the party's economic strategy. By doing so, our people's heroic feat of continued innovation and uninterrupted advance by single-heartedly uniting around the party must be wholly manifested to the whole world.

In implementing the party's revolutionary economic strategy under the slogan of self-reliance, it is most important for our functionaries and workers to firmly arm themselves with our party's revolutionary ideology and chuche ideology and solve all problems arising in revolution and construction by having faith in their strength and through our own style.

Self-reliance is the most independent revolutionary spirit embodying the fundamental principle of the chuche idea. Functionaries and workers must firmly arm



themselves with the *chuche* idea so that they can overcome with their own strength any difficulties and carry out the revolutionary task that they are entrusted with to the end with the revolutionary spirit of self-reliance.

The struggle to implement our party's revolutionary economic strategy is a struggle to strengthen the country's economic might in every direction and make the people enjoy a more abundant and cultured life in accordance with the people's socialist demand. No one can do this for us. All functionaries and workers must highly manifest the attitude of being a master in implementing the party's revolutionary economic strategy with the firm faith that they are the master of their own fate and the strength in pioneering their country's revolution lies in the people. Everyone must think and act according to the *chuche* ideological will, and when we use fuel we must use fuel that is abundant in our country and our region. We must persistently make efforts to use our raw materials and materials as well.

In implementing the party's revolutionary economic strategy by highly upholding the revolutionary slogan of self-reliance, it is also important to continuously succeed the traditional struggle trait which was highly manifested during the formidable years of our revolution.

The revolutionary spirit of self-reliance manifested by the anti-Japanese revolutionary fighters and heroic working class during the post war restoration period, is an example which our functionaries and workers must follow and learn today. The revolutionary spirit of self-reliance, created amid the flames of the anti-Japanese revolutionary struggle and highly manifested during the difficult period after the war, is a spirit of creating something out of nothing if it is a demand of the revolution and a resolute struggle spirit carrying out continued innovation and uninterrupted advance by overcoming all difficulties. This revolutionary spirit confirms the greatness of their leader [*yongdoja*], and its fundamental basis lies in the high revolutionary spirit and indomitable faith to carry out the revolution by following the party and the leader [*suryong*] to the end. If we struggle embraced with the faith and awareness to fulfill to the end their leader's [*yongdoja*] intention and plan just like the anti-Japanese revolutionary fighters and heroic working class of the great Chollima upswing period, there can be no barrier that cannot be overcome under such a favorable condition as today and fortress that cannot be dominated. All functionaries and workers must all the more highly uphold the slogan of loyalty, "What the party decides, we will do!" and manifest high revolutionary spirit and mass heroism so that the party's revolutionary duty can be fulfilled to the end under whatever circumstance. Agriculture, light industry, and trade must be developed in particular, and the revolutionary spirit of self-reliance and fortitude must be highly manifested in important sectors of the people's economy including power, coal, railway and transportation, and metal industry, thus endless upsurges in production were achieved. When we all fight with the spirit

and mettle of the time, when we first took up spades and started on the work of reconstruction on the ruins after the war with the strong revolutionary spirit of self-reliance which was overflowing in the Paektu forests, the flames of great revolutionary upsurge in all fields of socialist economic construction will be once again vigorously blazing.

In implementing the party's revolutionary economic strategy under the slogan of self-reliance it is also important to mobilize inner reserves to the utmost to effectively use the already provided economic basis.

Our country's socialist self-dependent economy has great productive potential. The problem lies on how to use the already provided economic basis and productive potential. In the past, we were able to successfully carry out economic construction not because someone helped us but because we mobilized and used our economic basis and productive potential by highly manifesting the revolutionary spirit of self-reliance. However, like today, when the internal and external environment of our revolution has changed, if we are to accelerate economic construction and enhance the people's living standard so that they can live with their own strength, the firm economic basis that was already provided and productive potential must be mobilized and used to the utmost. If this is to be carried out, it is important for all units to find reserves to increase production and economize. When functionaries and workers increase production at a high speed by finding scarce items and producing what one does not have with the revolutionary spirit of self-reliance and fortitude, it will be possible to all the more prove the worth of a firm basis of a self-dependent economy provided in our country and a new turning point will be achieved in implementing the party's economic strategy.

All functionaries and workers must make persistent efforts to develop the economy in accordance with their own raw materials and fuel with the enthusiastic patriotism of treasuring and holding endlessly dear their resources and assets, and to carry out the broad economic tasks through our technology, materials, and facilities. In all sectors of the people's economy, production facilities must be strengthened well and the work of managing facilities, labor management, and supply of materials must be carried out well so that all facilities can be guaranteed to operate at full capacity. By doing so, the might of our self-dependent economy must wholly appear in production and construction. Along with this, the trait of conserving and saving even one watt of electricity, one lump of coal, and one drop of fuel must be highly manifested.

In implementing the party's revolutionary economic strategy under the slogan of self-reliance, it is also important to enhance the role of the guiding functionaries.

The position the commanding members must stand in this year's tense battle is in the forefront of the ranks.



Guiding functionaries who are responsible for carrying out production and construction, must stand in the forefront of the ranks and advance by highly upholding the revolutionary slogan of self-reliance. By doing so, the producer masses will work overflowing with faith and enthusiasm by believing in their strength. All the guiding functionaries must work hard to solve in a revolutionary way the problems arising in economic work with blazing enthusiasm and revolutionary determination to fulfill without fail the party's revolutionary economic strategy. If difficult and hard tasks arise, functionaries must struggle persistently before anyone else and solve problems through their own strength in a revolutionary way by dividing the problems. In carrying out self-reliance, functionaries must not only be a model for the masses but must go into the masses and deeply implant the seed of self-reliance; call forth the broad masses to courageously overcome barriers and trials through the revolutionary spirit of self-reliance and fortitude; and vigorously lead the masses to wholly manifest the heroic struggle trait which achieved centuries-long changes in this year's battle. Only then can all the ranks move vigorously; the whole country can energetically display the revolutionary spirit of self-reliance and fortitude; achieve endless upsurges in production; and successfully carry out all economic tasks presented by the party.

All functionaries and workers must regard our party's revolutionary slogan of self-reliance as a guideline and immutable law in struggle and living, and fight by further making strenuous efforts to bring about a new turning point in implementing the party's economic strategy and further elucidate socialism of our own style.

#### **'All People-Oriented' Ownership Stressed**

SK2802125195 *Pyongyang NODONG SINMUN* in  
*Korean* 21 Jan 95 p 3

[Article by Won Son-hwan: "Turning Cooperative Ownership Into All-people Ownership Is an Important Revolutionary Task To Ultimately Solve the Rural Problem"]

[FBIS Translated Text] This year, our people are assigned the historic task of vigorously carrying out a struggle to finally solve the rural questions, by highly upholding the banner of the socialist rural thesis.

It is the sacred obligation assigned to our party and people before the current times and history to finally solve the rural questions in our country, where our people safeguard, adhere to, and glorify socialism by smashing challenges from the imperialists.

By accelerating the socialist, rural construction, we should finally solve the rural questions to win the complete victory in socialism. By so doing, we can demonstrate the superiority of socialism and the might of its invincibility, as well as strengthen its driving force.

It is important to successfully carry out the work to turn the cooperative ownership into all people-oriented ownership in finally solving the socialist, rural questions.

During his lifetime, the great leader Comrade Kim Il-song brilliantly elucidated the road to turn the cooperative ownership into the all people-oriented ownership. Turning cooperative ownership into all people-oriented ownership becomes the great leader's [suryong] behest, as well as a rewarding struggle to brilliantly embody the leader's [suryong] sacred intent.

The great leader Comrade Kim Il-song taught: "We should successfully carry out the work to turn cooperative ownership into all people-oriented ownership by consolidating and developing the agricultural cooperative economy."

Turning cooperative ownership into all people-oriented ownership is a successive important task in the process of the socialist, communist construction.

Since the first period in which we embarked upon the road to build a new society after independence, our party has always paid deep attention to solving the rural questions. Our party completed the socialist cooperativization of agriculture, and also established the most advanced, socialist system by carrying out the socialist revolution. This was a historic event that brought about the basic milestone in developing the farmers' social and economic position, as well as in increasing their capacity for agricultural production.

The completion of the socialist cooperativization of agriculture is a historic milestone in solving the rural questions, but this does not mean that the rural questions are solved definitely. Distinctions between urban and rural communities, as well as class distinctions between the working class and farmers, still remain in the socialist, rural communities because of the rural backwardness handed down from an old society. As long as such distinctions remain, we cannot say the rural questions are solved completely.

In order to finally solve the rural questions, we should achieve the socialist cooperativization of agriculture. Then, we should remove the distinctions between urban and rural communities, as well as the class distinctions between the working class and farmers, by turning cooperative ownership into all people-oriented ownership.

Finally solving the rural questions by accelerating the socialist rural construction is a part of the historic cause to win the complete victory in socialism, as well as the task of uninterrupted revolution that should be carried out in the transition period from capitalism to socialism.

Above all, turning cooperative ownership into all people-oriented ownership becomes a basic condition that makes it possible to achieve a nonclass society, discarding class distinctions between the working class and farmers.

An important, rural question is the question of remolding [kaejo] the farmers, who are liberalized from exploitation and pressure, into the working class, eliminating the class distinction between the working class



and the farmers, and making the farmers become part of the working class. The existence of the class distinction between working class and farmers is related to the relations of ownership as regards the production means. The relations of ownership as regards the production means become the basic factor in defining class.

Two classes, the working class and farmers, exist in a socialist society, because all people-oriented ownership and cooperative ownership—which are the two kinds of forms of the socialist ownership—exist.

Cooperative farmers—who are embraced in cooperative ownership—become more backward than the working class—who are embraced in all people-oriented ownership—in organization, discipline, ideology, technology, and culture. As a result, even after the most advanced socialist system is established, the class distinction between working class and farmers can exist, even though they are the same socialist working people.

The class distinction between working class and farmers is not a matter that can be eliminated at any time. The class distinction between the working class and farmers can be eliminated only when we establish the monolithic system of all people-oriented ownership, a single ownership for the production means, by turning cooperative ownership into all people-oriented ownership.

The monolithic system of all people-oriented ownership for the production means can be established only if we can turn cooperative ownership into all people-oriented ownership. A single class, that is, industrial workers and agricultural workers, can only exist in a society. Therefore, turning cooperative ownership into all people-oriented ownership becomes a basic question that makes it possible to eliminate the class distinction between the working class and farmers, as well as to build a nonclass society.

Also, turning cooperative ownership into all people-oriented ownership opens a wide road to highly increase the agricultural productive forces. Along with the peasant questions, the rural question is the matter of agriculture, as well as the matter to completely liberalize the agricultural productive forces from the fetters of the old production relations and to industrialize agriculture.

To ultimately solve the rural question, we should strongly lay a material and technological foundation for cooperative economy, and should industrialize agriculture. Also, we should eliminate the class distinction between the working class and farmers. This enables farmers, who rid themselves of exploitation and oppression, to fully display the superiority of the socialist rural economic system by liberalizing them from a difficult and hard labor, thus highly developing the agricultural, productive forces.

Of course, the socialist, rural, economic system based on cooperative ownership has a great superiority which cannot compare with the private economy and the

capitalist, rural, economic system. However, the cooperative, economic system of agriculture falls behind the state economy based on all people-oriented ownership. The cooperative, economic system of agriculture fails to have all kinds of conditions to display the superiority of the socialist system at a higher level. This is related to the farmers' ideological and cultural level, as well as the level of the agricultural development.

The countries like our country—which has achieved national liberation and embarked upon the road to build a new society after being colonized or being semicolonized—are the underdeveloped agricultural states where the national industry has not been developed due to the colonial exploitation and damage done by outside, [woerae] imperialist aggressors and, also, a majority of their people are farmers. Therefore, even if the socialist revolution has been carried out and agricultural cooperativization has been achieved in those countries, the farmers' ideological and cultural level and their agriculture have not been developed.

The conditions that can highly develop the agricultural productive force can be prepared when we enhance farmers' ideological, technological, and cultural level, by vigorously accelerating the revolution and construction, and when we strengthen the material and technological foundation for the rural economy with the industrial development and its strong support based on the modern science and technology.

Only when cooperative ownership can be turned into all people-oriented ownership can farmers highly display the collectivist idea—the idea to cooperate with each other—and political and moral awareness. Also, agricultural industrialization and modernization can be accelerated under the strong guideline and support of the party and state. As a result, the material and technological foundation for the cooperative economy can be strengthened extraordinarily. By so doing, we can highly develop the agricultural, productive forces.

Turning cooperative ownership into all-people ownership also roots out all sorts of old ideologies, including individualism and egoism, that remain among the farmers, and firmly arms the farmers with collective ideology so that they become genuine, socialist, working people.

Ownership plays an important role in the development of the people's consciousness of ideology.

Private ownership—capitalist ownership—produces and promotes individualism, egoism, and capitalism. Socialist ownership—collective ownership—plays an active role in arming the people with collectivism under the slogan "one for all, and all for one."

Cooperative ownership, which is one of the forms of socialist ownership, is playing a significant role in rooting out the individualism and egoism that still remain among the cooperative farmers, and in fostering



socialist and communist ideology. However, it has certain limits in reforming the farmers' ideology compared to all-people ownership.

Vestiges of individualism and egoism in the farmers' heads are very conservative and tenacious. They do not easily disappear in a short period. On top of that, under the condition in which the imperialists are ceaselessly maneuvering to blow the wind of liberalization on us, we should strengthen the struggle to wipe out the vestiges of the farmers' old ideologies. All sorts of old ideologies remaining in the consciousness of the cooperative farmers, including individualism and egoism, can be rooted out, and the work to arm the farmers with collective ideology can be further accelerated only when the ideological revolution movement is actively carried out in rural areas, and cooperative ownership is turned into all-people ownership, following the road illuminated by the rural theses.

When cooperative ownership is turned into all-people ownership, all working people will be encompassed under one economy of all-people ownership, the principle of collectivism "one for all, and all for one" will be more smoothly embodied, and the farmers will become genuine, socialist, working people possessing collective ideology.

Today in our country, following the road illuminated by the rural theses, a firm, material and technological basis of rural economy has been provided through the vigorous movement of three revolutions—ideological, technological, and cultural—and the standard of ideology, culture, and agricultural science of the cooperative farmers has reached a high level.

Based on the existing achievement, we should further vigorously carry out socialist, rural construction in conformity with the matured demand of the development of the revolution, and promote the change of cooperative ownership into all-people ownership.

Today in our country, the historic cause of reforming the farmers' socioeconomic relations through turning cooperative ownership into all-people ownership, is not a long-term matter but an imminent task. This year, the Mangyongdae District state-run farm and Sukchon County Agricultural Complex have been organized and managed, unfolding a bright prospect for implementing the task of all-people ownership on a nationwide basis. Carrying out this work guarantees victory in the ultimate resolution of socialist, rural questions through brilliantly implementing the great leader's [suryong] idea of rural construction.

It is important for all of us to pay deep attention to this so that the test units demonstrate their vitality. We should fully demonstrate the superiority of the system of all-people ownership in conformity with the demands of today's reality.

We should uphold the great leader's [suryong] idea of socialist, rural construction, more firmly unite around

the great leader [yongdoja] Comrade Kim Chong-il, continue with innovations, and march on for the ultimate resolution of rural questions and expedite the complete victory of socialism.

**Paper: No 'Super-Class Love' in Capitalism**

*SK0103115995 Pyongyang KCNA in English 1103  
GMT 1 Mar 95*

[“There Can Be No Super-class Love in Capitalist Society”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA)—NODONG SINMUN today in a by-lined article lays bare the falsity and craftiness of the super-class love advocated by the bourgeois reactionaries.

The article says the great leader Comrade Kim Chong-il in his work “Socialism Is a Science” gave a profound explanation of the impossibility of the application of the principle of love in the capitalist society, the exploiter society, and exposed the falsity and craftiness of the bourgeois reactionaries' advertisement of love which transcends classes.

The article captioned “There Can Be No Super-class Love in Capitalist Society” says:

It is, firstly, because the capitalist society is a society where class antagonisms and contradictions and exploitation and oppression of man by man hold sway.

Capitalism that has turned individualism into the unlimited greed of a handful of capitalists has carried hostile antagonisms in the society into the extremes.

For their class nature the imperialists and reactionaries are antagonistic to the popular masses.

The exploiting and ruling class subsist on exploitation of and domination over the working masses. Exploitation and domination are accompanied by the sacrifice of the exploited classes.

Therefore, it is inevitable that hatred and distrust, not love, are prevalent in the relations between the exploiting and ruling classes and the exploited and ruled classes.

It is, secondly, because the capitalist society is a society where money is almighty. The personal value of man has been converted into money and is assessed by money and wealth. So, the relations between men are based on money and wealth and they do not hesitate to earn money at others' expense.

The reality of the capitalist countries brings to light the falsity of love which transcends the classes advertised by the bourgeois reactionaries'. Although the streets are overcrowded with jobless and homeless people, invalids and orphans, the capitalist class massively dismisses the employees, raises the house rent and slashes the expenditure for health services.



To cap it all, the ruling classes spread immorality and depravity and such social vices as murder and robbery by fostering the jungle law and mode of life based on the concept of money almighty.

By advertising super-class love, the bourgeois reactionaries are trying to deny the class character of the exploited society and beautify the capitalist society full of class contradictions and antagonisms. They seek in this to paralyze the class consciousness of the ruled and exploited classes against domination and oppression, exploitation and plunder, and block their anti-government struggle.

### South Korea

#### Polish Delegation to NNSC Said in Pyongyang

*SK0103133995 Seoul KBS-1 Television Network in Korean 1202 GMT 1 Mar 95*

[FBIS Translated Text] The Polish delegation to the Neutral Nations Supervisory Commission [NNSC], which seems to have been expelled from Panmunjom by the North Korean authorities, is reportedly now in Pyongyang. In addition, Poland reportedly asked the Chinese Government to let the Polish delegation be stationed in Beijing. However, the offer was turned down.

Reporter Yi Tong-sik has more from Beijing:

[Begin Yi recording] The Polish delegation, which policed the Korean armistice in Panmunjom since the founding of the NNSC in 1953, hastily withdrew from Panmunjom without any preparations due to the North side's withdrawal demand, and two North Korean officials reportedly videotaped its withdrawal, said a Beijing source.

The source said that if the Polish delegation had not left Panmunjom yesterday, it might have been arrested by the North Korean authorities, hinting that the withdrawal was forcibly carried out. As is known, it is certain that the Polish delegation withdrew from Panmunjom. However, it seems that the delegation did not arrive in Beijing. Another source in Beijing said that the delegation will fly from Pyongyang to Beijing this weekend.

In the meantime, Poland requested China to allow its delegation to be posted in Beijing. However, the Chinese Foreign Ministry reportedly turned down the proposal. The Polish Embassy in Beijing would not confirm the whereabouts of the Polish delegation to the NNSC. This has been Yi Tong-sik reporting from Beijing. [end recording]

#### U.S. Criticizes North Eviction of Polish NNSC

*SK0103004995 Seoul YONHAP in English 0045 GMT 1 Mar 95*

[FBIS Transcribed Text] Washington, Feb. 28 (YONHAP)—The U.S. Government confirmed Tuesday [28

February] that North Korea has evicted Polish members of the Neutral Nations Supervisory Commission (NNSC) from the Korean truce village of Panmunjom, criticizing the move as violation of the Armistice Agreement.

"We have emphatically told Pyongyang the lamentable step is the violation of the Armistice Agreement which has maintained the peace on the Korean peninsula for more than 40 years," a spokesman of the State Department said.

However, despite the unwarranted North Korean violation, Poland has assured the United States that it remains the member of the NNSC, the spokesman said.

"If Pyongyang hopes its attempts to destroy the mechanism set up by the Armistice Agreement will lead the United States to enter into bilateral talks on peace accord, it's badly mistaken. Peace on the Korean peninsula is a matter of South and North Korea to settle," he said.

"The United States is willing to assist if both Koreas desires it. But we'll not negotiate a bilateral peace accord with North Korea."

For the past several years, North Korea has attempted unilaterally to destroy armistice mechanism set up in the Armistice Agreement, which ended the Korean War in 1953, the spokesman noted.

In its attempts, he said, Pyongyang has failed to nominate a successor to Czechoslovakia as a member of the NNSC and has persuaded the Chinese to recall their representatives from the Military Armistice Commission.

#### DPRK Obtains Patent From U.S. for First Time

*SK2702095195 Seoul TONG-A ILBO in Korean 27 Feb 95 p 1*

[By correspondent Yi Chae-ho from Washington]

[FBIS Translated Text] It was learned on 26 February that North Korea has developed a new method to easily produce a reagent to test for hepatitis-B and obtained a patent right for the method from the United States for the first time in history.

A hepatitis virus antigen was discovered through the new method developed by North Korea by using albumin from human serum and red blood cells from a lamb. This method will reportedly make a remarkable contribution to diagnosing and treating hepatitis.

North Korea has had the ability to apply for patents from the United States since 1980, when it joined a United Nations patent treaty, regardless of the fact that diplomatic relations between the two countries has not been established. However, this is the first time that North Korea has obtained a patent from the United States.



According to the 1994 Yearbook on Patents recently issued by the U.S. Patent Office, on 30 August 1991, North Korea applied to the U.S. Government for a patent on the reagent-producing method it developed, and after a lengthy three-year deliberation about the application, the U.S. Patent Office awarded a patent (No. 5316936) to North Korea on 31 May 1994.

The North Korean applicants (inventors) for the patent are Ko Chin-nam, who lives at #30, Pipa 2-tong, Moran-bong District, Pyongyang, and Pak Won-su, who lives at #57, Kangsong-tong, Pyongchon District, Pyongyang. Canyon & Canyon, a famous U.S. law firm, took charge of the general procedures for obtaining the patent.

The new method developed by North Korea attaches albumin extracted from human serum to the surface of a lamb's red blood cell and coagulates them with glutaric aldehyde (coagulating agent) to produce a reagent to test for hepatitis-B.

**U.S. 'Formally' Makes 'Issue' of Expense Sharing**  
*SK2802004195 Seoul THE KOREA HERALD in English 28 Feb 95 p 3*

[FBIS Transcribed Text] The Ministry of Defense will sign a memorandum of understanding on shared costs of ROK-U.S. joint military exercises with the U.S. side within this year, a ministry official said yesterday.

The move comes after the U.S. Department of Defense asked South Korea to share the financial burdens for the joint drills between the two countries in a letter delivered in January. Maj. Gen. Kim Hyon, director of the Exercise and Doctrine Office under the Joint Chiefs of Staff, said.

"The U.S. side wanted us to form a committee at the ministry which will exclusively deal with shared burden of common expenses for joint exercises," Kim said.

Kim added that military officials of both countries will hold working-level meetings on the exercise cost sharing in this month in Seoul.

The common expenses include service charges of operational communications, the cost of meals for military personnel participating in the exercises and expenditures for meetings of both countries' military leaders.

It is the first time that Washington has formally made an issue regarding Seoul's shared burden for some 20 joint military exercises, including Team spirit and Ulchi Focus Lens, which are annually held here.

Until 1988 when South Korea was classified as a developing country, the U.S. side paid almost all costs spent for the drills, Kim said.

"Since 1989, South Korea has paid part of the expenses for the drills on a principle of benefit payment without clear burden-sharing standard," Kim said.

But the U.S. side wants South Korea to take a greater proportion of the financial burden in the joint drills which are mainly designed to repel any provocation attempts by North Korea, ministry officials said.

Last year when Team Spirit, the annual joint military exercise involving some 200,000 troops from both countries, was skipped, South Korea paid some 100 million won (roughly \$125,000) in shared costs for other minor military drills, they said.

In 1993, Seoul paid less than 500 million won (about \$625,000) for ROK-U.S. joint defensive trainings, including Team Spirit, they said. The figure constituted about one-third of the total cost spent for the drills.

**Samsung Acquires Share in U.S. Computer Firm**  
*SK0103012695 Seoul THE KOREA HERALD in English 1 Mar 95 p 8*

[FBIS Transcribed Text] Samsung Electronics Co. (SEC) yesterday agreed to acquire a 40.25 percent stake in AST Research, a U.S. PC maker who ranked sixth in terms of PC sales in the world last year, at \$378 million.

SEC Vice Chairman Kim Kwang-ho and AST Research Chief Executive Officer Safi Qureshey signed the agreement on SEC acquisition of the controlling stake at a Seoul hotel.

The agreement could provide the foundation for SEC's becoming a major world player in the manufacturing of PCs and peripherals, an SEC spokesman said.

SEC and AST Research will pursue co-prosperity by complementing each other, he said.

SEC can now expand its PC sales by taking advantage of AST Research's distribution network, brand image, product planning capability and after-sales networks, according to the spokesman.

Together, the two companies can achieve a yearly production of 3 million units (1 million for SEC and 2 million for AST Research), he said.

SEC also now has a large-scale buyer of PC peripherals, produced by the company, he added.

As a result, SEC will be able to accelerate a \$1 billion expansion project in the Kumi Complex to build plants for churning out hard disc drives, CD-ROM drives and printers, and the company projects to establish integrated electronics complexes in the United Kingdom and Mexico, the spokesman said.

The two will promote cooperation by supplying their products to each other on an OEM [original equipment manufacturer] basis, purchase parts and components together, jointly develop PC-related parts and pursue joint marketing activities in the years to come, he said.

AST Research, with capitalization of \$380 million, has \$1.04 billion in total assets and about 7,000 employees,



according to the Korean electronics maker. The company posted \$2.4 billion in sales, with \$54 million in net profits last year. It also has six major production plants (two in China and one each in the United States, Ireland, Taiwan and Hong Kong as well as 45 marketing branch offices and subsidiaries worldwide.

In particular, AST Research has the largest share of the Chinese and Hong Kong markets, and places second in Scandinavia, fifth in the United Kingdom and seventh in the United States, SEC said.

The American company has developed Workshell, a technology that makes PCs user-friendly and easy to upgrade, and it holds 190 PC-related patents, which ranks fourth in the number of patents held world wide.

#### **Kim Yong-sam Urges N-S Projects, Reconciliation**

*SK0103020795 Seoul YONHAP in English 0157 GMT 1 Mar 95*

[FBIS Transcribed Text] Seoul, March 1 (YONHAP)—South Korean President Kim Yong-sam on Wednesday [1 March] called on both North and South Korea to start projects that are feasible and of help to both sides for opening an era of reconciliation and cooperation.

In his address to a ceremony marking the 76th anniversary of the March 1 Independence Movement at Sejong Cultural Center, Kim said what the fallen patriots wanted to build was "a unified, advanced and independent nation, not a divided country at all."

It is a shame of national history that the nation has remained divided over the past half century, he stressed, adding, "The South and the North now must open wide the gate to the path leading to national reunification."

For this purpose, both sides "must first open an era of reconciliation and cooperation by starting projects that are feasible and of mutual help."

Noting that South Korea is ready to play the essential role in North Korea's new nuclear power plant project and launch exchange and cooperation programs with the North in all fields, Kim said, "Now is the time for North Korea to change."

He called on the North Koreans to stop immediately their propaganda tirades against the South, saying, "Defaming the brothers and sisters runs counter to the March 1 spirit of national self-respect and unity."

Attending the ceremony were bereaved family members of those killed by the Japanese in the uprising near Suwon, 40 kilometers South of Seoul, 76 years ago, including Yu Chong-sok, cousin of the late Yu Kwan-sun, in addition to many dignitaries.

Following the indoor ceremony, an outdoor ceremony was held in front of the central National Museum to make an official announcement that the museum will be

demolished because it, having been the Japanese colonial government office until liberation in 1945, is the symbol of Japan's colonial rule intended to destroy the Korean people as an independent nation.

#### **North Officials Reportedly Visit PRC Secretly**

##### **'Daily Necessities' Requested**

*SK0103082295 Seoul KBS-1 Radio Network in Korean 0738 GMT 1 Mar 95*

[FBIS Translated Text] Kim Pok-sin, vice premier of North Korea's Administration Council, made a four-day secret visit to Beijing from 7 February and asked China to furnish North Korea with daily necessities, said a Western government source in Beijing.

The source said that Vice Premier Kim Pok-sin met with Chinese Premier Li Peng and asked for the provision of three years worth of various sorts of daily necessities on favorable terms, including 10 million tonnes of crude oil, coal, and rice.

##### **Kim Pok-sin 'Secret' Visits**

*SK0103085995 Seoul YONHAP in English 0849 GMT 1 Mar 95*

[FBIS Transcribed Text] Hong Kong, March 1 (YONHAP)—North Korean Vice Premier Kim Pok-sin visited Beijing twice this year in secret and asked China to provide the North with over 10 million tons of crude oil, coal, rice and other daily necessities under favorable terms over three years, Western intelligence sources stationed in Beijing said Wednesday.

Kim concurrently chairs the Light Industry Commission.

During her first visit to Beijing from Jan. 24-28, she met with Chinese Vice Premier Li Lanqing and Foreign Economic Relations Minister Wu Yi to ask them to supply Pyongyang with 1.3 million tons of crude oil, 2.5 million tons of coal and unspecified quantity of rice and other necessities a year for three years under favorable terms, according to the sources.

She made her second visit to Beijing from Feb. 7-11 and met with Premier Li Peng to solicit his firm response to Pyongyang request for the economic assistance.

Working-level discussions are now underway between the two countries on the North Korean request, and a group of North Korean working-level officials is scheduled to visit Beijing in March, the sources said.

Kim Pok-sin is the highest confirmed North Korean cabinet member to visit China since the death of North Korean President Kim Il-song in July last year.

Kim is known to be close to Kim Kyong-hui, younger sister of the North's de facto leader Kim Chong-il and



director of Light Industry Department, Workers' (communist) Party. Accordingly, political objectives of Kim's Beijing visits draw keen attention.

North Korean officials said that Kim's visits to China were very fruitful, but declined to mention about their political ends such as China's support for Kim Chong-il's ascension to power, according to the sources.

Official sources in Seoul meanwhile acknowledged reports about Kim Pok-sin's China visits involving economic assistance.

#### **Hwang Chang-yop 'Secret Meetings'**

*SK2802030295 Seoul SEOUL SINMUN in Korean 28 Feb 95 p 6*

[By Yi Sok-u from Beijing]

[FBIS Translated Text] On 27 February, CPC officials stated that Hwang Chang-yop, secretary for international affairs for the Workers' Party of (North) Korea, visited Beijing on 25 February and held secret meetings with high-level PRC authorities, including Li Shuzheng, head of CPC International Liaison Department.

The sources stated: "Hwang Chang-yop held meetings with the relevant PRC authorities to discuss the inauguration of Kim Chong-il as state president and party general secretary, as well as the international festivals to be held in Pyongyang in April."

Secretary Hwang left Beijing for Pakistan on 27 February.

#### **Hong Kong-Based Company Signs Pact With DPRK**

*SK2702134095 Seoul YONHAP in English 1257 GMT 27 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—Hong Kong-Based Peregreen Investment Holdings, Ltd. on Sunday entered into a contract to set up a joint-venture bank in North Korea.

Dongbang-Peregreen Securities Co. here said Monday Peregreen Chairman Philip Tose had signed the contract with North Korea's central bank and External Economic Cooperation Committee officials in Pyongyang.

Under the contract, Peregreen and North Korea will jointly establish an investment bank providing international financial services for the first time in the communist country.

Peregreen is the first foreign financial institution to operate in North Korea, Dongbang-Peregreen Securities, a member of the Peregreen group in Seoul, said.

Chairman Tose visited Seoul Feb. 21-22 to announce his plan to establish a joint-venture bank in North Korea.

#### **DPRK's O Chin-u Buried at Mount Taesong**

*SK0103110895 Seoul YONHAP in English 1046 GMT 1 Mar 95*

[FBIS Transcribed Text] Seoul, March 1 (YONHAP)—North Korea's de facto leader Kim Chong-il attended Wednesday the funeral of People's Armed Forces Minister O Chin-u, number two in the communist state's hierarchy, who died of cancer last weekend, the official (North) KOREAN CENTRAL NEWS AGENCY reported.

The funeral was held by the state with mourners including Kim Chong-il attending, and O's corpse was laid in state at "Mt. Taesong Tombs of Revolutionary Martyrs" in Pyongyang, NAEWE press, official North Korea watcher here, quoted the KOREAN CENTRAL NEWS AGENCY as saying.

It is the first time for Kim Chong-il to attend the funeral of a senior North Korean official. And O Chin-u is the first North Korean to be buried at "Mt. Taesong Tombs of Revolutionary Martyrs" in the 1990's.

Deceased North Korean leaders are usually buried either at "Mt. Taesong Tombs of Revolutionary Martyrs" or "Tombs of Patriotic Martyrs" depending on the degree of their contributions to the state and particularly of loyalty to the late President Kim Il-song.

The late Committee for the Peaceful Unification of Fatherland Chairman Ho Tam, the late secretary, Secretariat, Workers' Party Ho Chong-suk, and the late chairman, Control Committee, Workers' Party Central Committee So Chol, who died in 1991 and 1992, were buried not at "Mt. Taesong Tombs of Revolutionary Martyrs" but at "Tombs of Patriotic Martyrs" in Sinmiri.

#### **Emerging Influential Figure in DPRK Viewed**

*SK0103084295 Seoul SEOUL SINMUN in Korean 1 Mar 95 p 4*

[By reporter Ku Pon-yong]

[FBIS Translated Text] Who is Kim Chol-su? With the death of O Chin-u, minister of the North Korean People's Armed Forces, North Korea observers are watching Kim Chol-su, a obscure North Korean official. This is because the obscure person ranks as high as No. 20 in North Korea's power hierarchy, according to the list of members of a funeral committee for O Chin-u, who died on 25 February.

Kim was completely unknown to the outside while Kim Il-song was alive. Even now, the authorities concerned just assume he must be a high-ranking military man working for the General Security Bureau in charge of guarding Kim Chong-il.

He ranked 23d in the list of members of a state funeral committee formed following Kim Il-song's death, thus



attracting public attention. Then, he was again behind the scenes for a while. However, he appeared again this time, being upgraded to No. 20., sharply contrary to Vice President Kim Pyong-sik, who ranked up to the seventh in the past but has now been downgraded to No. 21.

Accordingly, now it is difficult for anyone to deny that Kim Chol-su is emerging as an influential man in North Korea.

In North Korea, which has a pyramid power structure with the party at the top of the pyramid, only an influential man who is a candidate member of the party's Political Bureau or a party secretary, can rank No. 20 in the power hierarchy. In comparison with party Secretaries Kim Ki-nam (ranking No. 23), Kim Kuk-tae (ranking No. 24), and Kim Yong-sun (ranking No. 28), who are known to be close to Kim Chong-il, it is possible to guess how high Kim Chol-su's position is in the North Korean regime.

Meanwhile, the authorities concerned regard him as a different person of the same name from the five or six persons named Kim Chol-su in North Korean materials opened to the public in the past. Based on several kinds of secret information, observers assume that he might be about 50 years old and must be an influential military man of the General Security Bureau who takes charge of very closely guarding Kim Chong-il.

Accordingly, it is expected that Kim Chol-su will rapidly come to the fore in the course of changing generations in the North Korean People's Army. This expectation is based on the fact that just a few military men, including Chief of the General Staff Choe Kwang (ranking No. 7) and member of the National Defense Commission Kim Chol-man (ranking No. 12), were ahead of him in the power hierarchy shown by the list of members of the funeral committee for O Chin-u. Furthermore, he ranks higher even than O Kuk-yol (ranking No. 43), who has been known as Kim Chong-il's closest man inside the People's Army.

#### **North Fails To Apply for East Asian Games**

*SK0103081295 Seoul YONHAP in English 0718 GMT 1 Mar 95*

[FBIS Transcribed Text] Seoul, March 1 (YONHAP)—North Korea is unlikely to attend the 10th general meeting of the East Asian Games Association (EAGA) slated to open in Pusan on March 13.

Pyongyang failed to apply for attendance at the EAGA general meeting by the Tuesday deadline, while all the nine other member countries including South Korea, Taiwan, China and Japan filed applications, Korean Olympic Committee (KOC) officials said Wednesday.

The EAGA intends to let North Korea take part in the general meeting in case Pyongyang sends a delegation, irrespective of its failure to meet the entry deadline. But its officials think the possibility is dim for the North to

attend the meeting in view of the fact that they did not send a delegation to the Asian Women's Solidarity Forum on the "comfort women" issue that opened in Seoul Tuesday.

The Korean Olympic Committee, however, expects that North Korea will participate in the 14th general meeting of the Olympic Council of Asia (OCA) which is to open in Seoul from May 22-24 with delegates from 43 member countries attending.

North Korean Olympic Committee Secretary General Chang Ung indicated interest in attending the OCA general meeting when he was attending the Association of National Olympic Committees (ANOC) meeting held in Atlanta, the United States in November last year.

The forthcoming EAGA general meeting will discuss pending regional issues and delegates will tour venues of games of the '98 East Asian Games to be held in Pusan.

#### **More on Controversy Over Japan's UNSC Bid**

*SK2702072795 Seoul YONHAP in English 0655 GMT 27 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—The government will try to take into consideration the "emotions of the people" in deciding whether to support Japan's bid to become a permanent member of the United Nations Security Council (UNSC), but cannot ignore the "existence" of Japan in reality, according to Rep. Kim Won-ung of the opposition Democratic Party (DP) who quoted vice Foreign Minister Yi Si-yong Monday.

Yi, however, promised that he would make efforts to produce a measure acceptable to the people, Rep. Kim told reporters after visiting Vice Foreign Minister Yi to deliver a letter of the "National Council for the Correct History (NCCH)" to express the council's opposition to the government's support for Japan's bid for the UNSC seat.

"Almost all European countries have already agreed to the idea of Germany joining the UNSC as a permanent member, but we could not find one Asian country supporting the Japanese bid to become a UNSC member," said Kim.

South Korea is the only country in Asia supporting the Japanese bid to join the UNSC, said Kim who presumed that the Seoul government decided to support Japan on the condition that Japan does not have veto power in the UNSC in a diplomatic technique to appeal to the general public.

He claimed that the idea of UNSC permanent members with no veto power is just a minority opinion within the United Nations, expressing suspicion over the government's real intention on the issue.

"The problem is that Japan has never officially acknowledged their invasion of Korea, said the lawmaker. "They



never even did that in the Korea-Japan basic accord in 1965. That's why we should not celebrate the 30th anniversary of the normalization of relations between the two countries."

The unacknowledged gesture in the accord means that Japan could again invade Korea if they have the chance to do so, claimed Kim.

"Liquidation of the past is necessary not only for new cooperative relations between South Korea and Japan but for the national interests of Japan," said the lawmaker.

Kim and six other representatives of the council were to meet with Foreign Minister Kong No-myong but delivered the letter to Vice Foreign Minister Yi because Kong was down with a cold.

The lawmaker working for the National Assembly Education Committee and a friendship association of lawmakers between South Korea and Japan, Kim did not hesitate to express suspicion that Kong might have wanted to avoid the meeting with the representatives because the council's demand runs counter to Kong's standpoints related to the issue in consideration of remarks made by him during his career as a diplomat.

The opposition lawmaker was one of seven representatives of the council including religious and social leaders and freedom fighters under Japanese colonial rule who visited the Ministry of Foreign Affairs to deliver firm opposition to the council to Japan's bid to join the UNSC.

Among them are Yi Kang-hun, former head of Kwang-bokhoi or the Organization of Freedom Fighters Under Japanese Colonial Rule, Pastor Kim Kwan-suk, the Rev. So Kyong-bo and Lawyer Chi Ik-pyo.

The council was launched on Feb. 15 with heads of 91 social organizations participating to spread the movements toward national pride and rectify the "distorted" history especially concerned with relations with Japan.

**Poll: Koreans Against Import of Japanese Culture**  
*SK2802022095 Seoul YONHAP in English 0032 GMT 28 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—Nearly 85 percent of South Koreans are not in favor or unenthusiastic about opening the market to Japan's mass culture, survey results disclosed Monday.

In a nationwide telephone poll of 1,016 male and female adults on the controversial opening of the market to Japanese mass culture, 18.3 percent of the pollees answered "the market should not be opened," 43.6 percent "it is better to delay market opening if possible," and 22.3 percent "it is advisable to open the market in two to three years."

Respondents holding a negative view of the issue thus accounted for 84.2 percent, while only 15.2 percent opted for "the earlier, the better."

The poll was conducted by the Korea Gallup Research Institute on Feb. 21-22 at the request of the Culture and Sports Ministry.

Asked about the quality of Japanese mass culture introduced into the country, 83.7 percent replied "low quality," while 11.3 percent "high quality," indicating a poor perception of mass culture from the neighboring country.

Inquired if they have had access to Japanese mass culture, 52.2 percent replied affirmatively and 47.8 percent negatively.

As for the media of access, 33.5 percent of pollees who have come into contact with Japanese culture cited songs and compact discs, 31.6 percent cartoons, 20.1 percent videos, 13.6 percent films and 1.2 percent others. Contact with Japan's mass culture was more frequent with men than with women, the younger generation rather than the older one, and men of higher education as opposed to those of low education.

In particular, the poll revealed that as many as 72.6 percent of students have had access to Japan's mass culture.

Some 61.5 percent of the pollees answered that they think Japanese mass culture is widely spread throughout the country. Asked about such fields, 33.5 percent of the pollees gave comic books and animated cartoons, 20.9 percent fashion, 13.6 percent videos, 12.6 percent television and radio broadcasting programs, and 10.5 percent printed media such as newspapers and magazines.

**Forum: Japan Must Compensate 'Comfort Women'**

*SK2802034595 Seoul YONHAP in English 0301 GMT 28 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—The Japanese Government must apologize sincerely over the "comfort women" issue, compensate individual victims as well as punish war criminals, an Asian forum on the comfort women issue said Tuesday [28 February].

Delegates from South Korea, Japan, Taiwan and the Philippines reasserted the position at the second day of the "Third Asian Women's Solidarity Forum on Military Sexual Slavery by Japan" held at the Women's Mission Center in downtown Seoul.

They also clarified their rejection of the Japanese Government's plan to compensate for the victims from a Japanese civic fund, instead of a government fund.

The participants decided to promote solidarity among their countries to solve the comfort women issue.



The North Korean delegation, which had originally planned to attend the forum but failed to arrive, sent the forum a letter apologizing for their absence.

"We regret that we cannot attend the forum, but steadfastly regard the forum as of great importance," the letter said.

The North Korean position in the letter was of the same position as the conclusion of the forum, an official of the "Korean Council for the Women Drafted for Military Sexual Slavery by Japan" said.

Meanwhile, the participants will adopt a joint resolution later in the day to urge the Japanese Government to solve the comfort women issue sincerely and honestly, according to the source.

### **Steps Taken To Remove Japanese Colonial Building**

*SK0103070195 Seoul YONHAP in English 0555 GMT 1 Mar 95*

[FBIS Transcribed Text] Seoul, March 1 (YONHAP)—South Korea took formal steps Wednesday [1 March] to remove a major symbol of Japan's 35-year rule of the country in a ceremony announcing the removal on the occasion of the 76th anniversary of the March 1 Independence Movement.

Attending the ceremony in front of the symbol, the former Japanese colonial government building which now is the nation's largest museum, were some 4,500 government officials, including Prime Minister Yi Hong-ku, and citizens.

The demolition of the huge building will start with the removal of its dome on Aug. 15, the 50th anniversary of the nation's liberation from Japanese rule, and will be completed during next year.

The items on display in the building now will be moved to a new history museum under construction in the Kyongbok Palace next year when it is completed.

### **Japan Agrees to Joint Fish Resources Survey**

*SK2802033795 Seoul YONHAP in English 0256 GMT 28 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—South Korea and Japan agreed Monday [27 February] to conduct a joint survey of fisheries resources in the western coastal areas of Japan to try to prove the allegation by Japan that the widespread illegal fishing by Korean boats has depleted fisheries resources along the western coast of Japan, according to an official of the Ministry of Foreign Affairs Tuesday.

Fisheries authorities of the two countries will conduct two surveys in seas off Hokkaido and Honshu, respectively, in the coming year to find measures for effective control and preservation of fisheries resources in seas bordering the two countries based on the survey results,

said Mun Pong-chu, deputy director general of the ministry's Asia Pacific Affairs Bureau.

During the ninth working-level fisheries talks held in Seoul Monday, Japan agreed that it will reduce the number of its fishing boats operating in seas off Cheju Island to 35 from the current 44 and that the boats will operate 43 days per year, two days less than currently allowed, said Mun.

South Korea, meanwhile, agreed to reduce to 11 from 14 the number of its fishing boats operating in seas off Hokkaido of Japan, while extending the voluntary non-fishing days to 45 days from the current 30 days, according to the official.

The two sides also agreed to hold biannual working-level officials' meetings on cracking down on illegal fishing, said Mun.

Mun represented the South Korean side at Monday's fisheries talks and his Japanese counterpart was Ukio Takeuchi, deputy director general of the Asian Affairs Bureau of the Japanese Foreign Ministry.

### **Economic Agreement Made With Russian Republic**

*SK2802004495 Seoul THE KOREA HERALD in English 28 Feb 95 p 8*

[FBIS Transcribed Text] South Korea and the Republic of Sakha in the Russian Federation has concluded a pact on bilateral economic cooperation.

Minister of Trade, Industry and Energy Pak Chae-yun and Mikhail Efimovich Nikolayev, president of the Republic of Sakha, yesterday signed the agreement in a ceremony held at the ministry office in Kwachon, south of Seoul.

Under the pact, the two countries will speed up the economic and technological cooperation in the fields of industry, energy and natural resources, a ministry spokesman said.

At the same time, both sides will create a coordinating committee to propel Korean enterprises' investment in Sakha, the mutual exchange of technology and the setup of joint ventures.

The Republic of Sakha located in eastern Siberia has plenty of natural resources such as natural gas, coal, iron ore, diamond and gold.

Prior to the signing ceremony, Pak and Nikolayev held talks to seek concrete ways of promoting bilateral cooperation in the investment and resources development fields.

At the talks, Minister Pak requested that the Republic of Sakha extend full support to Korean companies which have been conducting feasibility studies on gas development in Sakha, said the spokesman.



Currently, 13 Korean companies, including the Korea Petroleum Development Corp., have engaged in a preliminary study on joint gas development in Sakha in the form of a consortium with six Russian corporations and two Sakha firms.

The outcome of the feasibility study, which will cost some \$10 million for the Korean companies, will be tangible around November this year, he said.

In 1993, South Korea exported \$1,455,000 worth of commodities to the Republic of Sakha and imported \$292,000 worth of goods from the republic, marking a trade surplus of \$1,163,000.

#### **Memorandum of Understanding Signed**

*SK0103045995 Seoul YONHAP in English 0443 GMT 1 Mar 95*

[FBIS Transcribed Text] Seoul, March 1 (YONHAP)—LG International said Wednesday [1 March] it would participate in a variety of industrial development projects in the Sakha Republic of the former Soviet Union.

Under a memorandum of understanding signed by visiting Sakha Republic President Nikolayev and LG President Pak Su-hwan at Pak's office Tuesday, LG and the Sakha Republic will cooperate in promoting projects to develop the coal mining industry, set up consumer goods stores, build fiber-optic cable communication and personal-computer information networks and construct roads and railways in the republic.

LG will shortly send a survey team to the Sakha Republic for a feasibility study of these projects, it said.

#### **Seoul, Andorra Agree to Diplomatic Relations**

*SK2702121995 Seoul YONHAP in English 1100 GMT 27 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—South Korea agreed Monday with Andorra to establish diplomatic relations, bringing to 177 the total number of foreign countries with which the country maintains normal relations, the Ministry of Foreign Affairs said.

Andorra, situated between France and Spain, currently has diplomatic relations with 13 countries including China, Germany, France and England.

The European country with a population of 61,000 became the 184th member of the United Nations on July 28 in 1993.

The Ministry of Foreign Affairs expects Andorra, the free trade zone, to serve as a foothold for the country to advance into European Union (EU), according to ministry officials.

#### **Candidate Expresses Confidence Over WTO Post**

*SK2802083895 Seoul YONHAP in English 0810 GMT 28 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—The competition is still tense in the selection process for

the first director general of the World Trade Organization (WTO), with none of the three candidates showing willingness to withdraw from the race, according to Trade Ambassador Kim Chol-su Tuesday.

Kim, who just returned from a week-long tour of four European nations and Israel to attract support for his bid to win the post of WTO director-general, however, expected a breakthrough could be made at a core group meeting of the world economic body slated for Saturday in Geneva when the group members will come up with measures on how to proceed with the selection procedures in time for the March 15 deadline.

The core group meeting will be a turning point for the race because the meeting is expected to decide on whether to extend the tenure of Peter Sutherland, caretaker of the world body until the selection of a new WTO chief, and how to proceed with the selection process thereafter, said Kim.

He, however, expressed confidence that he still has a chance to be selected as the first WTO head, mentioning his 29 votes, second after Renato Ruggiero's 57, in a "straw vote."

He said that circumstances are developing against Carlos Salinas and in that case he will be able to attract additional support from supporters of Salinas including the United States.

Israel, which he visited last week, promised that it will consider positively rendering support to Kim when Salinas withdraws from the race, according to Kim. Israel currently supports Salinas.

Boasting that he already secured widespread support from Asian, Mid-East Asian and African countries, the former trade minister claimed that he has the advantage over his competitors in his ability to bridge the gap between developed and developing countries in running the world's most important economic body.

#### **France Supports Seoul's Bid To Join OECD**

*SK0103081095 Seoul YONHAP in English 0704 GMT 1 Mar 95*

[FBIS Transcribed Text] Seoul, March 1 (YONHAP)—French Foreign Minister Alain Juppe has said that France fully supports South Korea's bid to join the Organization for Economic Cooperation and Development (OECD).

In the exclusive written interview with YONHAP, Juppe said that France is favorable to South Korea's membership in the OECD.

He, however, said that his country will support the Italian candidate in the race for the post of director general of the World Trade Organization (WTO), instead of voting for the South Korean candidate, former Trade Minister Kim Chol-su.



"South Korea's attitude toward the OECD is characterized by sincerity and coherence. France will not forget to support South Korea with its bid to join the organization," he said.

South Korean President Kim Yong-sam is scheduled to arrive in Paris Thursday to discuss issues of mutual concern.

Commenting on the competition for the post of director general of the WTO, he said, "France is a member of the European Union which has its own regulation on solidarity. France naturally supports the Italian candidate." France assumed the presidency of the EU in early January this year.

The French foreign minister ruled out the possibility of any change in French relations with North Korea in the near future.

"The North Korean general delegation in Paris enables France to have a useful contact, and the delegation is enough. France in any way will not seek a change in its relations with Pyongyang without consulting South Korea," he said.

To the question of whether France has the intention to participate in the Korean peninsula Energy Development Organization (KEDO), Juppe said that France wants to have more information to participate in the organization especially on the mission and organization of the KEDO, an international consortium to supply light-water reactors to North Korea in return for freezing its nuclear development program.

"An international meeting will be held for the first time on the KEDO issue in New York in March this year. France is willing to participate in all the meetings. France already decided to offer technical assistance if necessary," he said.

About North Korea's sincerity to implement the agreed framework with the United States, Juppe said that France is not fully sure, in fact, of the North Korean will to carry out the framework.

"Despite its imperfection, we hope that the agreement will be honored along with a corresponding progress of the South-North Korean dialogue," he said.

Noting that many agreements in such industrial fields as automobile, electronics, environment, telecommunications, energy and aeronautics and space were concluded during French President Francois Mitterrand's visit to Seoul, the French foreign minister said he is sure that President Kim's visit to France will further strengthen the bilateral relations between the two countries in such fields.

"Since early January, France took the presidency of the European Union. So, France hopes to make all efforts to develop relations between Europe and South Korea in the right direction and in the satisfactory way. Paris also

wants the trade and cooperation accord between South Korea and Europe will be signed soon."

"We hope, after all, to pave the way for and develop the basis of a real partnership between Europe and Asia, where France and South Korea play a leading role."

To the question if he can give any advice to South Korea on its bid to host the 2002 World Cup finals, Juppe said that although France will host the World Cup in 1998, it does not have the privilege to give an advice to South Korea which successfully organized the Seoul Olympics in 1988.

"We can just encourage South Korea to make efforts to obtain supports from Asian countries, which have one third of the world population and where soccer is rapidly developing."

### Contractors Enjoy 'Boom' in Overseas Markets

SK0103031995 Seoul YONHAP in English 0233 GMT 1 Mar 95

[FBIS Transcribed Text] Seoul, March 1 (YONHAP)—South Korean contractors are enjoying a construction boom in their overseas markets, particularly in southeast and southwest Asia, the Overseas Construction Association of Korea said Wednesday [1 March].

The construction companies have received a total of 779 million U.S. dollars worth of overseas construction orders in 22 cases in the first two months of this year, compared with 356 million dollars in 10 contracts in the same period last year.

The lion's share of the orders came from southeast and southwest Asia which offered 591 million dollars worth of construction orders, followed by North America with 122 million dollars, the Middle East with 64 million dollars and Africa with 900,000 dollars.

By country, Singapore topped the list with 315 million dollars, followed by Malaysia with 135 million dollars, the United States with 83 million dollars, and Indonesia with 67 million dollars.

Hyundai Engineering and Construction Co. led the race for construction orders with 268 million dollars, followed by Jinro Construction Co. with 136 million dollars, Ssangyong Construction Co. with 107 million dollars, Daewoo Corp. with 83 million dollars and Kuk-tong Construction Co. with 55 million dollars.

### Survey: South Koreans Support 'Globalization'

SK2702090495 Seoul YONHAP in English 0838 GMT 27 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—The majority of people believe the policy goal of the country, "globalization," should be actively pursued by the people, government and businesses.



A nationwide opinion survey of 1,000 men and women conducted on Feb. 11-12 by the Korea Survey (Gallup) Polls Ltd. showed that some 39.3 percent of the people felt sympathy "very much" toward the call for globalizing the country and 41.8 percent did so "to some extent," the KUKCHUNG SINMUN (STATE AFFAIRS NEWSPAPER) reported Monday.

The government-published weekly said that, on the other hand, 15.6 percent of those surveyed "did not feel much sympathy" and 2.3 percent "did not feel any sympathy."

Asked to assess the current level of the country's globalization, 4 percent of the respondents answered "very much," 42.4 percent "to some extent," whereas 44.8 percent replied "not much" and 8.4 percent "not at all," according to the results of the survey, which was commissioned by the Information Ministry.

By sector, politics ranked first with 43.4 percent of the pollees regarding it as a field lagging the farthest from the policy goal, followed by government and administration with 19.3 percent, education with 15 percent, businesses with 5.9 percent, press with 5.7 percent, culture and arts with 4.4 percent and finance with 2.9 percent, the official newspaper said.

As stumbling blocks to globalization, 36.6 percent of the pollees cited irregularities and corruption, 21.9 percent people's lagging sense of public order, 12.9 percent politicians' (obsolete) way of thinking, 10.5 percent insufficient craftsmanship and carelessness, and 7.5 percent educational systems, the survey showed.

#### **Assembly Begins Interpellation of Administration** *SK2702035995 Seoul YONHAP in English 0231 GMT 27 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—The National Assembly kicked off a four-day interpellation of the administration Monday morning, by introducing pending political matters.

Lawmakers from the ruling and opposition camps, participating in the interpellation, exchanged arguments about the controversial banning of political parties from fielding candidates for some elected local posts, and the merits and demerits of the Kim Yong-sam administration in the past two years.

Ruling party interpellators maintained that the opposition's charge of "a scheme to postpone the local elections" is an ill-grounded political offensive, and they reiterated the Democratic Liberal Party's (DLP) demand for the rival parties to form a floor panel to discuss revisions to the local autonomy law.

Main opposition Democratic Party (DP) solons countered that the ruling camp, seeing little chance of winning in the local elections, is attempting to distort the essence of the elections. No bipartisan negotiations on a local election law amendment will be held prior to the June 27 local elections, they said.

Rep. Son Hak-kyu, DLP, called for prohibiting political parties from fielding candidates for the heads of basic local autonomous bodies, reasoning that it would "free local administration from politics."

He also proposed that provincial governments should be abolished, saying that by doing so 2,400 billion won (about 3 billion U.S. dollars) would be saved each year in administrative and private expenditures and that regional antipathy would be eliminated.

Rep. Yi Hae-chan, DP, opposed the proposed banning of candidate fielding by political parties on the grounds that "a normal road to democracy calls for sending to the central political arena those who have trained and distinguished themselves in local administration."

Rep. Kim Yong-kwang, DLP, asserted that what can be revised before the local elections should be amended, and that the rival parties should conduct negotiations "to promote national interests rather than partisan interests."

On the other hand, Rep. Ho Kyong-man, DP, maintained that it is time to discuss the "delegation of central government authorities to provinces, expanded autonomy of local administrations and resolution of financial imbalance in regions, instead of revamping local administration."

Ho also called for a revision of the National Security Law.

#### **Premier, Ministers Respond**

*SK2702082095 Seoul YONHAP in English 0736 GMT 27 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—In a response to a call for a constitutional amendment, Prime Minister Yi Hong-ku said Monday, "as of now, the administration has never considered amending the Constitution. Being a very sensitive issue, it warrants prudent consideration on the part of all walks of life as well as the political circle."

The premier was responding to a suggestion made by Rep. Yu Song-hwan of the ruling Democratic Liberal Party (DLP) that the Constitution should be rewritten including a change in the tenure of the president.

The premier made the remarks under the premise that "this is not a matter for me to discuss."

Referring to the Federation of Korean Trade Unions' (FKTU) declaration to field candidates in the forthcoming local elections, Yi reaffirmed that the government policy would not permit it. "Trade unions' participation in political activities, which is clearly banned under the current law to insure fair elections, cannot be allowed," he said.

The prime minister made these and other statements at the the first day interpellation of the administration at the National Assembly plenary session.



With respect to the proposed revamping of the local administration organization, Yi said, "with only four months left until the June 27 local elections, there are things that can actually be done and those which cannot be done. Reforms impossible to handle administratively can hardly be attempted."

He took a negative stand to a suggested revision of the national security law when he said, "as the situation on the Korean peninsula has yet to undergo a major change, the basic elements of the national security law should be left unchanged."

On the proposed banning of political parties from fielding candidates for heads of basic local administrative bodies, the premier remarked, "basically, it is a matter to be settled by the political circle. The National Assembly is expected to have a full debate on the issue."

Referring to the proposed reform of the judiciary system, Yi said, "the administration plans to hold hearings on the issue beginning in March and to work out a final formula in or around May... Should it be true that practicing lawyers, after resigning as judges or prosecutors, enjoy privileges from their former colleagues, such a practice must be uprooted, and the judiciary reform under promotion will focus on this matter."

Deputy Premier and National Unification Minister Na Ung-pae told the parliamentary plenary session, "North Korea should after all realize that they have no alternative but to accept South Korean standard model of light-water nuclear reactors."

Touching on business links that South Korean enterprises are promoting with the North, Na said, "some enterprises have agreed with North Korea on projects which go beyond the bounds of model projects permitted by the government. But it has yet to be verified if our enterprises have bribed North Korean officials involved."

Home Minister Kim Yong-tae rejected the opposition demand that administration-ruling party consultations in the province should be put to an end, by saying, "they are designed to adjust differences in views among the residents over various regional development and cooperation projects. It is not considered desirable to suspend such consultations merely because the elections are around the corner and also for the government to dispose of them unilaterally."

#### **Government Selects NSP First Deputy Director**

*SK2802124895 Seoul YONHAP in English 1200 GMT 28 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—The government on Tuesday designated O Chong-so, director-general of Bureau No. 2 of the Agency for National Security Planning (NSP), to serve as first deputy director of the agency.

O will succeed Chong Hyong-kun as the NSP's deputy chief. Chong has resigned from the NSP in connection with the controversial look by the agency into public opinions on possible postponement of local elections.

Meanwhile, the NSP created the post of 3rd special consultant to the NSP director in charge of North Korea affairs and designated Om Ik-chun, director-general of the agency's Bureau for Strategic Planning on North Korea, as the 3rd special consultant.

#### **Former Opposition Leader on Local Election Issue**

*SK2702082795 Seoul YONHAP in English 0752 GMT 27 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—Kim Tae-chung, chairman of the Peace Foundation for the Asia Pacific Region, advised Monday that the opposition Democratic Party (DP) study ways to accept the ruling party's offer to negotiate whether political parties should or should not stay away from basic local elections.

Kim, retired head of the opposition camp, gave the advice while he met with Yi Ki-taek, newly-elected president of the DP. Yi was paying a courtesy call on Kim at his house in Tongkyo-tong after he was elected as DP president at the party's national convention held Friday.

"The opposition party may as well actively cope with the ruling party's move to exclude political parties from the elections for chiefs and council members of basic self-governing bodies, presenting a fair and logical argument against such a move so that the people can easily understand the problems," Kim said.

After the meeting, Yi said that the thoughts of Chairman Kim are against the party's position.

"Before the meeting of the party's president and vice presidents, it was already decided not to discuss or negotiate that kind of issue with the ruling Democratic Liberal Party (DLP). But if they (DLP) present detailed steps for the issue, I think we can discuss it," Yi said.

His remarks are interpreted as a step back from the DP's proclaimed position that it would never discuss the issue.

The DLP is moving to push to keep political parties from nominating candidates for chiefs—that is, county commissioners and small city mayors—of the basic self-governing bodies as well as council members in the local elections slated for June this year.

Talking to Yi, Chairman Kim criticized that the ruling party's argument is unreasonable.

He noted that a decision was made to allow political parties to take part in the basic local elections in view that voters tended to prefer candidates nominated by



political parties in the 1991 local elections despite that the ruling and opposition parties in actuality did not nominate candidates.

"So, proposing to revise the law, which reflects the will of the people, is not logical and unreasonable," he added.

### **Yi Opposes Block Revision of Election Laws**

*SK2802032695 Seoul YONHAP in English 0252 GMT 28 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—Major opposition Democratic Party (DP) President Yi Ki-taek declared Tuesday [28 February] that his party will block "by all means" any attempt by the ruling camp to ban political parties from fielding candidates in the basic local elections.

The opposition leader stated at a press conference held at the DP headquarters in Mapo, western Seoul, "Our means of struggle will include holding rallies across the country on the occasion of banner-hanging ceremonies at the party's district chapters."

Yi said that the DP won't respond to any bipartisan negotiations aimed at prohibiting political parties from nominating candidates for administrative heads and councilmen of small cities, counties and wards. Neither can a division of the Seoul city nor a simplification of the tiers of local administrative unit be subject to negotiations, he said.

"It is because the incumbent government has no confidence in winning in the coming local elections that the ruling camp has suddenly come up with the issue of banning candidate fielding by political parties," the DP leader claimed.

Yi meanwhile withdrew his resignation as a lawmaker and said, "To overcome today's urgent crisis and to achieve development of democracy and change of regime, I'm returning to the National Assembly and withdrawing my resignation."

Touching on a possible summit with President Kim Yong-sam to discuss revisions to the local election laws, Yi said, "This is a matter requiring resolution on the part of President Kim and cannot be an agenda of a summit."

He maintained "it's preposterous to amend the local election laws which have been legislated through six years of bipartisan negotiations, national debate and studies by a large number of specialists without implementing them even once." Yi then called on the ruling camp "to give up meaningless political dissent motivated by partisan interests and stratagem."

But the opposition leader did not rule out the possibility of bipartisan dialogue when he said, "Our party's opinion today is designed to cope with the present

situation. It can be changed according to the situation and only by doing so can politics be done with flexibility."

### **BOK, Government Disagree on Restructuring Plans**

*SK2702122195 Seoul YONHAP in English 1144 GMT 27 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—Bank of Korea (BOK) Governor Kim Myong-ho admitted Monday wide gaps between the government and the central bank in approach to restructuring the central bank, saying he would press for the BOK's stance in negotiations with the government and in parliamentary deliberations of the government's plans.

Speaking before reporters, Kim said although the State Council passed bills revising the BOK law and other related laws, the BOK does not agree to these bills in many respects.

Because revising the central bank system is gravely related to everyday life of the people and the nation's economic future, the BOK has insisted that such an important task must be done on the basis of a national consensus achieved through public hearings and parliamentary deliberations, he stressed.

He said the central bank would do its best to fill the gaps with the government through negotiations with the finance and economy ministry, because the differences can be settled by means of discussions.

Kim added he would fully explain the BOK's stance when the parliament deliberates the government plans.

### **Joint Chiefs of Staff's Restructuring Opposed**

*SK2702102595 Seoul HANGYORE SINMUN in Korean 27 Feb 95 p 2*

[FBIS Translated Text] It has been learned that as the Joint Chiefs of Staff carried out an organizational restructuring, it increased the ratio of the Army's general officer-level positions by redistributing the positions among the three military services—Army, Navy, and Air Force—and ignoring the position distribution system in accordance with a presidential decree. Therefore, the Navy and Air Force are opposed to this restructuring.

The Ministry of National Defense and the Joint Chiefs of Staff stated on 26 February that "as a result of the organizational restructuring carried out on 13 February, the Joint Chiefs of Staff had removed three general officer-level positions from the armed services—Army, Navy, and Air Force" and that "as a result, the ratio of the general officer-level positions of the Army, Navy, and Air Force had been changed to 3.8:1.4:1 from 2.8:1.3:1, increasing the Army's ratio."

They also stated: "The Joint Chief of Staff removed a total 24 full colonel-level positions. As a result, the ratio



of colonel-level positions of the Army, Navy, and Air Force has been changed to 3.6:1:1 from 3.1:1:1, also increasing the Army's ratio."

Such a position distribution by the Joint Chiefs of Staff greatly runs counter to the Army, Navy, and Air Force 2:1:1 ratio specified by the presidential decree in 1991 for the balanced development of the Army, Navy, and Air Force. Therefore, it attracts the people's attention.

In particular, among the 17 mandatory positions (eight general officer-level positions, and nine full colonel-positions), to which some officers from the particular Armed Services can be appointed, the main eight general officer-level positions—including the deputy director of strategy and planning (major general-level position)—have been given to the Army. Also, among nine full colonel-level positions, seven positions have been given to the Army, except for two positions: one for the Navy and the other one for the Air Force.

#### **Domestic-Produced Diesel Submarine Commissioned**

SK2802004795 Seoul *THE KOREA HERALD* in English 28 Feb 95 p 3

[FBIS Transcribed Text] The Navy yesterday commissioned the second home-produced submarine, named "Choemuson-ham," at a shipyard of the Daewoo Shipbuilding and Heavy Machinery in Koje, South Kyongsang Province, a Navy spokesman said.

The 1,200-ton submarine, which completed a trial cruise after it was launched in August 1993, is one of four submarines built by Daewoo with technological assistance from Germany's Howaldtswerke-Deutsche Werft AG.

A modern T-209 class diesel-powered submarine cruises at a maximum submerged speed of 22 knots (40km per hour). It is faster and has better operational capabilities than North Korea's Whiskey- and Romeo-class submarines, the spokesman said. North Korea has 25 submarines.

Among those present at the ceremony for Choemuson-ham's commission were Adm. An Pyong-tae, chief of the Navy's Operational Planning Command, Yun Won-sok, president of the shipbuilding company, and other military officials.

The submarine was named after the famous admiral, Choe Mu-son, who, according to historic records, repelled about 500 Japanese naval vessels in waters off the South Coast in 1326.

#### **Social Groups Urge Increase in Welfare Budget**

SK2802124795 Seoul *YONHAP* in English 0905 GMT 28 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—A group of social organizations demanded Tuesday that the government increase the welfare budget by up to 20 percent of the national budget and present a blueprint for a new welfare system which could materialize the concept of "human security" advocated by the World Summit for Social Development (WSSD).

A statement issued by the Korea NGO (nongovernmental organization) forum for social development also called on the government to set a minimum welfare level for the people as the cornerstone of the new welfare system in a move towards a unified society.

Calling for the WSSD to serve as an occasion to change the government's welfare policy for "sustainable human development", the statement released by the NGO forum, an association of 12 social organizations, in time for the opening of the WSSD urged the government to revise labor laws which ban third-party interference in labor movements, multiple unions and collective actions by teachers and civil servants.

The statement also proposed that the government should come up with measures to support the underprivileged rather than resorting to a makeshift policy for the strong punishment of criminals, fearing that the increase in violent crimes are disintegrating the society rapidly.

It also pointed out the need to draw up measures to protect the human rights of alien workers here and improve their employment conditions.

The NGO forum also demanded that the government raise the amount of the Official Development Assistance (ODA) for developing countries to 0.3 percent of the country's gross national product by 1996 from the current 0.04 percent, and to 0.7 percent, the level recommended by the Organization for Economic Cooperation and Development (OECD), within five years from the year when the country joined the OECD.

The forum also said that the government should make sure that more than 20 percent of the assistance goes to projects for social development other than economic development in recipient countries under the WSSD's 20-20 contract.

The forum suggested that the United Nations Committee on Sustainable Development (CSD), the UN Economic and Social Council and other UN committees should get authorization to supervise the implementation of agenda discussed at the WSSD in Copenhagen, Denmark, slated for March 6 to 12.

Representatives of the forum will go to Copenhagen to attend the "NGO Forum '95" which will be held simultaneously with the WSSD.



## Burma

### \* Delivery of Vessels From China Reported

95SE0114A Rangoon *THE NEW LIGHT OF MYANMAR* in English 25 Jan 95 pp 12, 7

[FBIS Transcribed Text] Yangon [Rangoon], 24 Jan—The first batch of five completed vessels of a total of 14, built by Yunnan Machinery Import and Export Corporation of the People's Republic of China, under a 30-million-dollar-contract, were handed to the Inland Water Transport [IWT] this morning.

The hand-over ceremony, attended by Secretary-1 of the State Law and Order Restoration Council Lt-Gen Khin Nyunt, was held on Pyi Myanmar-1 Triple-decker at Nan Thida Jetty.

The vessels—three shallow-water-going triple-deckers and two push-tugs—handed today were built at shipyards in PRC, said Managing Director U Hla Min of IWT.

He said the vessels were conveyed from Shanghai Port and arrived here on 17 January, adding due to concerted efforts by Chinese engineers and Myanmar [Burma] service personnel, the vessels were completed and operational in a short period.

He then thanked officials of the corporation.

Chairman of YMIEC [Yunnan Machinery Import and Export Corporation] Mr Wu Wen Kuan also spoke on the occasion.

Later, U Hla Min and Mr Wu Wen Kuan signed and exchanged the hand-over-contract in the presence of the Secretary-1, Minister for Transport Lt-Gen Thein Win, Minister for Religious Affairs, Lt-Gen Myo Nyunt, Minister for Information Brig-Gen Myo Thant, Minister at the Prime Minister's Office Brig-Gen Lun Maung, Minister for National Planning and Economic Development Brig-Gen Abel, Minister for Finance and Revenue Brig-Gen Win Tin, Minister for Foreign Affairs U Ohn Gyaw, Minister for Rail Transportation U Win Sein, Minister for Communications, Posts and Telegraphs U Soe Tha, Deputy Minister for Transport U Sann Wai, Ambassador of PRC Mrs Chen Baoliu, Yunnan Province Vice-Governor Mr Liu Jing and party, other officials and invited guests.

The Secretary-1 and party then inspected Pyi Myanmar-1 vessel and a push-tug. Officials explained salient points.

The three 48.5-metre by 9.7-metre vessels have a draught of 1.7 metres and one metre when loaded. Each triple-decker has 18 air-conditioned first class double-rooms, ten second class double-rooms, three 16-passenger capacity third class rooms and a 270-passenger capacity ordinary class.

Each 16-crew-member-vessel is installed with modern maritime equipment and can carry 30 metric-tons of cargo. They will ply along Ayeyarwady and Chindwin rivers.

The Secretary-1, ministers and party also inspected scale-model of a triple-decker and a push-tug.

### Article Assails Western Support for KNU

BK0103023195 Rangoon Radio Myanmar in Burmese 0415 GMT 28 Feb 95

[Unnumbered installment of an article by "a Karen national" from the 28 February issue of MYANMAR ALIN and KYEMON: "Which Way KNU?"]

[FBIS Translated Excerpt] The KNU [Karen National Union] believes that the fall of Manerplaw was due to a surprise attack and the breach in the Naw Tay and Naw Thakha columns. They firmly believed that the Kawmura camp was impregnable and could survive continuous daily attack for three months. When it rained the camp would be flooded and the occupants would be perched on trees while the attackers would be swept away by the rushing waters. It must not fall. Kawmura will never fall. The Kawmura fortress is very strong. The 200-meter-wide entry point is all cleared. There is no cover whatsoever. Intruders will just be gunned down. The mines and booby traps within the 11 layers of barbed wire fence make it impossible even to take a step. There are many iron spikes—three or four-inch nails in pieces of wood. Moreover, in between the barbed wire there are internationally-used razor wire obstacles. The razor wire, which is not used by civilians, is produced by defense industries and is of military issue. The newly-arrived razor wire still had grease on it during the battles. The KNU was able to erect two more barbed wire and razor wire lines after the battle of 8 February 1995.

The thickness of the concrete bunkers was about four feet, while the bunkers built with teak logs with a two-arm-lengths girth could withstand heavy artillery. There were tens and hundreds of thousands of sand bags in Kawmura camp that were made with sand put into polyethylene bags manufactured in the country on the other side [Thailand]. Assorted heavy artillery and light guns were abundant; in fact, they outnumbered the people there. How could this well fortified camp fall? The allies from the country on the other side said they would fire about 100 rounds of 155 mm heavy artillery and a volley from rocket launchers, while target searching radar and communications interception equipment was functioning normally. Some KNU members took positions in the country on the other side to avoid being attacked from the rear. The country on the other side repeatedly declared that it would not let any such attacks happen. The country on the other side also said it would not allow any member of either armed group to use its territory. Yet with their understanding, members of the other armed group are using the territory discretely. [passage omitted on retreat from Kawmura and fall of Kawmura]



Taw Hla and his group attempted to counterattack Kawmura after reaching the other side of the Thaungyin [Moei] River. They bribed people to fire 105 mm heavy artillery at Kawmura. Rocket launchers and small arms were also used. Assorted lethal heavy and small arms ammunition could be seen flying from the territory of the country on the other side over the Thaungyin River and falling on Myanmar [Burma] territory, but they were unable to recapture Kawmura. Ah Nway from the DKBA [Democratic Karen Buddhist Army] was searching for Johnny to confront him, so Johnny had to retreat. Johnny fled to Mae Sot and reported to Nga Mya [derogatory term for KNU leader General Bo Mya]. [passage omitted on destruction of Kawmura]

A major battle that inflicted casualties on both sides has ended. Kawmura is now peaceful and quiet. There is still no peace for the KNU, however. The leaders, afraid of being kidnapped by the DKBA, are jittery. In the country on the other side they cannot go around carrying guns as they please like before. They are also despised by the military hierarchy in the country on the other side and bribing the lower echelons is not as easy as before. The situation became tense when someone babbled that those who helped them with artillery fire during the battle did so only as a matter of routine. It was not like before. Although the Western media [preceding word in English] gave much support, they could not lift the KNU's spirits. The media [preceding word in English] fabricated broadcasts to make it seem that the entire Myanmar populace was supportive of the KNU. They also imperceptibly instigated the Defense Services personnel. The KNU themselves know that they could not even get support among the KNU, not to mention the whole Myanmar populace. It is also an undeniable fact that the DKBA is gaining support among the Karen public.

News that the 4th and 6th Brigades were going to unite, depose General Mya, and make peace with the SLORC [State Law and Order Restoration Council] came as a shock to Nga Mya; as if he had been hit in the solar plexus. He became frustrated with Oliver and Shwe Saing. He wanted to exterminate them like he did the leaders of the 1st and 8th Brigades in 1970. At that time, the 8th Brigade totally disappeared because of Nga Mya's doings and the 1st Brigade had to bow down. The remnants of the 1st Brigade, however, are now tormenting him as the DKBA.

Radio broadcasts have insinuated that the unfair announcement crediting the DKBA rather than SLORC forces for the attack on Kawmura caused dissatisfaction among the SLORC soldiers. The Western media [preceding word in English] and the masters of the KNU felt uneasy about that. They began planning to instigate the Defense Services personnel, but the Defense Services personnel remained united and obeyed only one command. They do not want any credit. They do not want popularity. The Defense Services have been engaged in many battles historically. Not all of those battles have

appeared in the news media. The DKBA forces were ready to assist the Defense Services in any way, but the main objective was the fall of the Kawmura camp.

The Western group felt as if it had been splashed with acid when Kawmura fell. It was said that the United States objected to the attack while Australian Foreign Minister Gareth Evans denounced the action and called for the isolation of Myanmar in Southeast Asia. They were also crying for compassion for the Karen refugees. They called the armed KNU terrorist insurgents refugees. The term refugees, as understood by the Burmese people, refers to people who are destitute with nothing to eat or wear and no place to stay. The KNU went into battle eating canned provisions abundantly provided by Norway. Their leaders are very rich. The Western group called the armed terrorist insurgents from Myanmar refugees and has been trying to seek assistance and rearm them. The KNU has been engaged in terrorist activities. When its members lost the battle they fled to the other side—where they were warmly welcomed as refugees—to plan their rearmament. Many people have died at the hands of the KNU. Not satisfied with this, an attempt to instigate more (?trouble) is a deceitful plan to destroy Myanmar.

The Western group's refugee policy is one way of breeding colonists for their neocolonialist plan. The call for human rights is also well known. What would they say if Myanmar welcomed the Mizo rebels from India as refugees and gave them assistance? How would Thailand react if permission was granted to the (?Hmong) rebels to build a base in Myanmar? What would the UNHCR provide? In fact, they are all in one clique. They have embezzled the dollars provided by various countries for the refugees, misused the assistance, and acted as lobbyists for the KNU and the expatriates. How can anyone believe that people from Norway and Australia love Myanmar? Respectable people always say good things, but now respectable people have shamelessly spoken indecent words in public by encouraging a murderer like Nga Mya. What a shame!

#### \* Officials on Firm Products Marketing Measures

95SE0114B Rangoon THE NEW LIGHT OF  
MYANMAR in English 25 Jan 95 pp 1, 7

[FBIS Transcribed Text] Yangon [Rangoon], 24 Jan—A meeting to coordinate measures for purchase, transportation and milling of paddy and distribution of rice was held at the Ministry of Trade this morning and Secretary-2 of the State Law and Order Restoration Council Lt-Gen Tin Oo delivered an opening address.

The Secretary-2 said that at the third four-monthly coordination meeting between the State Law and Order Restoration Council and State/Division Law and Order Restoration Councils for 1994 on 19 January 1995, Senior General Than Shwe gave guidance in connection with trade.



He said the guidance was:—

- for the national people engaged in trade not to be content with being trading agents for others but to make efforts to come directly in contact with world markets;
- to extend the export of not only rice and beans and pulses, but also other crops which fetch good prices;
- to step up export of new goods; and
- to train and nurture private entrepreneurs who are citizens to become familiar with trade matters.

The Secretary-2 stressed the need for officials of the Ministry of Trade and officials of states and divisions to accept them as the guiding principles in implementing their tasks.

He pointed out that Myanmar [Burma] rice and beans and pulses have regained the place in the world market and spoke of the need to maintain this situation. He, however, cautioned them to avoid exporting goods which are not up to quality and thus get a bad name and those responsible are to give thorough supervision to avoid this.

Continuing, he said only the right quality agreed upon when signing contracts must be exported by the State as well as the private sector. He spoke of the need for making efforts so that the goods sent will fetch a fair price in the world market and at the same time the goods sent meet the required quality.

He said care must be taken in various stages of producing export goods, right from the place where they are produced, harvested, transported, milled up to the time they are stored for export. He went on to point out that as these stages are carried out in the states and divisions the officials in charge are to supervise them properly.

This work, he said cannot be done by the Ministry of Trade alone, but needs the cooperation of the states and divisions concerned. He said there are still cases in which the State is suffering undue loss due to negligence and unscrupulous acts of some of the service personnel. He said it is learnt that such losses incurred by the State are not calculated but merely taken as loss and wastages in internal trade, adding this loss runs into millions of kyats. He spoke of the need for minimizing loss and wastages as much as possible.

He said it is now the time when paddy is produced abundantly and it is necessary for states and divisions to purchase paddy according to prescribed targets. He pointed out that the reason the Ministry of Trade is purchasing paddy is for the consumption of service personnel and other designated forces and for other emergency cases. The surplus paddy is being bought for export, he said.

He disclosed that the export target of paddy this year is about one million tons and stressed the need for the

states and divisions to carry out paddy purchase tasks effectively. The amount of goods exported by the private [sector] is increasing and is more than what is exported by the State.

He pointed out that however, there will be only a slight increase in the quantity of goods to be exported by the private sector. Therefore, it is necessary to make concerted efforts to step up the export in the private sector, he said.

He said only when the economic development power of the private entrepreneurs are enhanced will the economy of the state achieve development and therefore, acts which hinder the smooth flow of goods are to be avoided.

He spoke of the need to take effective measures to stop smuggling of goods in and out of the country, as such acts are the main hindrances to the economic development of the State and bring great loss to the country.

He stressed the need to make free and frank discussions on the tasks carried out by the Ministry of Trade and raise questions on points which are not clear.

Minister for Trade Lt-Gen Tun Kyi said efforts are being made to export one million tons of rice this year. He said buying, milling and transportation of paddy cannot be done by the Ministry of Trade alone, but the assistance of the State, the help of the respective states and divisions and efforts of service personnel of the ministry are necessary to achieve success, he said.

The Command Commanders then presented reports on buying of paddy, transporting, milling and distribution of rice and help required by them. Deputy Minister for Transport U Sann Wai and Managing Director of Myanma Petroleum Products Enterprise U Aung Hlaing presented transport arrangements and supply of fuel oil.

The Secretary-2 and the Minister for Trade then gave replies.

Present on the occasion were Minister for Agriculture Lt-Gen Myint Aung, Minister for Religious Affairs Lt-Gen Myo Nyunt, Minister at the Prime Minister's Office Brig-Gen Lun Maung, Minister for Rail Transportation U Win Sein, the Commanders of Commands and LIDs [expansion not given], the deputy ministers, the chairmen of the State/Division Law and Order Restoration Councils, the deputy commander of the Yangon Command, heads of department and officials of the Ministry of Trade.

## **Brunei, Malaysia & Singapore**

### **Malaysia**

#### **Barings Crisis Affects No Local Banks**

*BK2802133695 Kuala Lumpur RTM Television  
Network 1 in Malay 1200 GMT 28 Feb 95*

[FBIS Translated Excerpt] The Bank Negara [central bank] says that Malaysian banks are not affected by the



collapse of the Barings Bank. It said that no banks in the country, including Bank Negara's branches and subsidiaries overseas, are affected by the collapse.

The central bank says that based on a review of local banks, Malaysian banking institutions are not exposed to the impact of the Barings crisis. As a matter of fact, they do not conduct derivatives [preceding word in English] trade with Barings Securities in Singapore.

The central bank also said that the latest guidelines on the derivatives trade issued at the beginning of this year will remain in effect. [passage omitted]

#### **Minister Proposes Top-Level Talks on Islands**

*BK2702084795 Kuala Lumpur THE SUNDAY STAR in English 26 Feb 95 p 3*

[FBIS Transcribed Text] Kepala Batas—Malaysia has agreed to Indonesia's request for bilateral meetings to discuss the disputed Sipadan and Ligitan islands off Sabah.

However, Foreign Minister Datuk Abdullah Ahmad Badawi said yesterday the meetings should be held at a higher level involving the leaders of the two countries.

"The discussions at ministerial level have been completed and both sides have maintained their respective stand.

"Malaysia has also proposed that the matter be referred to the International Court of Justice, but Indonesia requested for talks to continue at bilateral level.

"We agreed to this request, but these talks should be at a higher level and involving the leaders," he said.

It was reported recently that the Indonesian Survey and Mapping Coordinating Unit had included the islands into their new map.

Abdullah had said then that Indonesia's inclusion of the two islands in the map would not affect the government's argument that the two islands belonged to Malaysia.

### **Singapore**

#### **Barings Deposits With SIMEX 'Sufficient'**

*BK2802123895 Singapore Radio Corporation of Singapore in English 1100 GMT 28 Feb 95*

[FBIS Transcribed Text] The Monetary Authority of Singapore [MAS] says Barings has maintained sufficient funds with SIMEX [Singapore Monetary Exchange] to enable the exchange to manage its position. It added that it has been kept informed about the management of Barings futures Nikkei positions by SIMEX.

Both the MAS and SIMEX assured the financial community that all margins deposited by member firms will

be used solely to margin the customers and their proprietary positions. SIMEX is managing the positions for buying local future trading arm, Barings Futures Singapore Private Limited.

### **Cambodia**

#### **Editors Sentenced to Terms for Defamation**

*BK0103120395 Phnom Penh AKP in English 1000 GMT 1 Mar 95*

[FBIS Transcribed Text] Phnom Penh AKP March 1—Editor of SAMLENG YUVEAKCHUN KHMER (VOICE OF KHMER YOUTH), Chan Rathana, was sentenced to prison for one year and fined five million riels (2,000 U.S. dollars) for defaming Co-prime Ministers Prince Norodom Ranariddh and Hun Sen. Chan Rathana, convicted of publishing "false and defamatory" news, was sentenced to one year's imprisonment and five million riels for publishing the editorial and a cartoon which said Prince Ranariddh was three times more stupid than Hun Sen.

Rathana was sentenced under Article 2 of the UN Administrative Law which provides for up to three years [words indistinct] publication of news which is "false, fabricated, falsified or untruth fully attributed to a third person."

The municipal court also fined the editor of the "SAMREK REAS KHMER" newspaper 3.2 million riels (some 1,230 U.S. dollars) for publishing an article which gave Samdech Krompreah Ranariddh the nickname Samdech Krom Pjeah [words indistinct].

In another development some 700 people from Krang Yov Commune, Kandal Province, demonstrated on Monday in front of the National Assembly protesting what they termed the unfair depiction in a NEW LIBERTY NEWS article of Co-premier Hun Sen's development activities in the area.

Sum Sam-oeun, a Buddhist monk from "Phnom Pich Keo" pagoda, in Krang Yov Commune, said he saw the NEW LIBERTY NEWS article saying that Hun Sen gave rice to Yuons (Vietnamese) and built a road for the Vietnamese.

He said the people and Buddhist monks in the aforementioned commune were Khmers, not Vietnamese.

#### **Muli, Son Sann Rift Widens Over Job Quota**

*BK0103013095 Phnom Penh PHNOM PENH POST in English 24 Feb-9 Mar 95 p 2*

[FBIS Transcribed Text] A long-standing rift between two key members of the Buddhist Liberal Democratic Party (BLDP)—Son Sann and Ieng Muli—appears to have been revived by a dispute over how many of the party's supporters can get jobs in the government.



On December 22 last year, the BLDP submitted to the government two proposed lists of people—one with 10,766 names on it and the other 5,480—to be given civil service jobs.

The lists were provided in line with the Paris Peace Accords, which allows for political parties to be proportionately represented in the civil service.

The first, larger list was made on behalf of the BLDP—registered during the UNTAC period—and the second on behalf of its predecessor, the Khmer People's National Liberation Front (KPNLF).

The first list was apparently supported by Son Sann, the BLDP president, and the second by the party's vice-president and KPNLF general secretary, high-profile Minister of Information Ieng Muli.

Son Sann's supporters responded angrily when only the second list was accepted by the Council of Ministers, who accused Muli of making a secret arrangement to have it approved for his "own future interests".

Muli confirmed to the Post he had intervened by assuring the Council of Ministers that the number of people on the smaller list was representative of KPNLF's administration before the peace accords.

"I know the real numbers because I was the one who held this job since the beginning (of KPNLF).

"I have not thought that I should please His Excellency Son Sann or not.

"But it is my objective not to let those who struggled along with us for more than 10 years be frustrated," he said, in reference to all the people on the second list having been KPNLF supporters before the peace process.

Muli added that the number was more reasonable for the government, which was being overwhelmed by the size of its civil service, to accept.

He said both lists—one of BLDP members and the other original KPNLF workers—had been prepared by the BLDP cabinet. He said he was aware that Son Sann would have preferred the first list be accepted.

Son Sann, who could not be reached for comment, is understood to have urged both lists be withdrawn for re-examination.

A BLDP official, who requested anonymity, said that Muli was distancing himself from the party to gather support for his political future.

"His name is still here, but not his mind and his body," said the official.

Muli has privately discussed the possibility of leaving the party before the next elections, some sources say.

His differences with Son Sann date back to the peace process, when he had to fight to retain his seat on the Supreme National Council in the face of opposition from Son Sann.

Muli told the Post the rift between the two men was historic and "since then, nothing can weld it".

"My ministerial position was not proposed by Son Sann. He would appoint his man, wouldn't he?" he said.

Another BLDP official, a Member of Parliament, saw the tension between the two men as a threat to the party's future.

"We are very concerned and we want this rift to be healed," he said.

### Governor Describes CPP 'Stranglehold'

BK2802160195 Phnom Penh PHNOM PENH POST in English 24 Feb-9 Mar 95 pp 1, 3

[FBIS Transcribed Text] Kompong Som—This province's FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] governor Thoam Bunsrun has hit out against the effective stranglehold the opposition CPP [Cambodian People's Party] enjoys over rural Cambodia.

Bunsrun, one of FUNCINPEC's leading lights in the run-up to the elections, says he "can't even get a letter signed" without CPP approval in his province.

He claims that local CPP civil servants actively ignore his orders in deference to their former CPP leaders who have, in practice, retained all power.

He said most FUNCINPEC-led provinces suffer similarly.

His criticisms appear to agree with the unease felt by some political analysts in Phnom Penh about the effectiveness and success of the UN-brokered elections, especially in the provinces. Bunsrun's comments paint a picture of FUNCINPEC being hamstrung in those areas.

All Bunsrun's decisions have to be agreed by the former longstanding CPP governor—now Bunsrun's first deputy—Kim Bo.

Bunsrun said Kim Bo was vetoing most of his decisions "and so if we can't agree on anything, nothing is done."

The provincial workers still work under "patronage" to their former CPP leaders and they refuse to implement FUNCINPEC decisions—Bunsrun described this as "passive sabotage."

However, Kim Bo said that he did not think that political reasons were the problem.

"The important thing is that we abide by the principles of the Ministry of Interior. We don't take any sides of the political parties," Kim Bo told the Post in a telephone interview.



When asked why Sihanoukville municipality staff were not cooperating with Bunsrun, Kim Bo said: "Because they were (being) entrusted with duties which are different from (those of) the Ministry of Interior."

"Some work (ordered by Bunsrun) was not appropriate and was difficult to implement," he said.

"If we implement these principles, especially the idea of consensus, there won't be any problems. There are many cases, especially concerning administrative work, which are not in compliance with the ministry," Kim Bo said.

Bunsrun maintained that the former provincial "socialist" setup was never dismantled after the elections.

"The whole administration belongs to them (the CPP), it is their people and their system... the structure has not been changed."

"Public servants in general have lived here many years under CPP leadership. They are still owed respect... but not as we know it in the West, this is respect as in fear."

Bunsrun used to be the head of the FUNCINPEC party in Australia, a position from which he resigned some time before the elections in favour of Ing Huot, the present Foreign Minister.

Bunsrun said he couldn't make any decisions for the good of his province; "I can write a letter but have to submit it to Kim Bo. If he doesn't consent it's too bad for me."

"They can veto me at any time on any thing... it's absolutely crazy."

"He used to be the King of the Castle, but he is still in his castle," Srun said of Kim Bo.

Bunsrun said he had complained to Interior Minister Yu Hokkri who told him nothing could be done and that "this was the reality, this was the deal they made between themselves (after the elections)."

The "deal" involved splitting provincial governments between CPP and FUNCINPEC, with each party sharing the top two spots in local administrations and each agreeing on decisions.

"(Yu Hokkri) said 'try your best to do whatever you can'. But even trying to get a street cleaned here is a big problem."

Bunsrun said the provincial CPP leaders "consider themselves the de facto government... the FUNCINPEC government is a nominal one. So in fact we do not control. It is impossible. Sometimes I think I just want to run away back to Australia."

In CPP-governed provinces the FUNCINPEC deputies could not practice that power of veto, he said.

"If it pleases (the CPP governors) to let their FUNCINPEC deputies to know something it's good, but it is luck."

Bunsrun said he realized that as governor he would be blamed for any lack of progress and "that FUNCINPEC will be accused of not doing anything."

But he said: "There are many good people here, no CPP or FUNCINPEC but just Cambodians who want to help."

Bunsrun said that for the people of Kompong Som "it is their town, their homes, their lives. They have to improve, it is not for me or any political party, it's for themselves."

He said he wanted to make people aware that it was contradictory to "keep playing these (political) games."

"If public servants get caught up in this campaign who will lose in the long run? It will be themselves."

Provincial civil servants should do their work as asked. "They are trying to sabotage me."

"They go to the extreme of trying to defend the interest of the clan. The interest of the clan is against the interest of the nation. This is the danger Cambodian society is facing," he said.

"Nobody can support me. There is no trust, no confidence, no support," he said.

## Indonesia

### U.S. Stand on Patents Regarded 'Not Serious'

BK0103114195 Jakarta KOMPAS in Indonesian 1 Mar 95 p 3

[FBIS Translated Excerpt] Jakarta, KOMPAS—The United States stand toward Indonesia on the issue of the protection of intellectual and patent rights is not serious when compared with its stand on China. Indonesia and the United States are members of the GATT (General Agreement on Tariff and Trade). The issue of market access between the two countries will be negotiated through the WTO (World Trade Organization). This is quite different from the issue of China, because the latter is not a member of the GATT. Thus, action against China could be easily taken through the Super 301 Act.

This was stated by Drs. [academic title] Paian Nainggolan, head of the center for supervision and development in the Trade Department in Jakarta on Tuesday (28 February) when asked by reporters to comment on the United States' threat regarding Indonesia's "incompetency" in providing protection to the U.S. patents in Indonesia. The accusation was submitted by the American Software Business Alliance (BSA) on Monday (27 February).

Drs. Nainggolan said: "We were taken by surprise when the accusation was first submitted in 1989." He said that out of the United States' 222 trading partners from various countries, Indonesia ranks as its 29th trading partner in terms of its Gross Domestic Product (GDP).



Continuing, he said that Indonesia need not feel astonished, because such an accusation has received public attention, particularly during the February-April period, every year. Those affected by losses—such as the American Workers Union, the MPEAA [Motion Pictures Exporters Association of America], the BSA, and ASIA WATCH as well—collect information on their trading partners, including Indonesia, every year.

It was reported that their reports were submitted to the U.S. Congress, which conducts its session in April each year. He said: "If the U.S. Congress considers the reports as legitimate, such reports will be then submitted to the USTR (United States Trade Representative), which is currently headed by Mickey Kantor. [passage omitted]"

### **Suharto Receives Iraqi Foreign Minister**

*BK0103014095 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 28 Feb 95*

[FBIS Translated Text] President Suharto has reiterated the position of Indonesia and the other Nonaligned Movement member countries in making a continuing effort to acknowledge Iraq's adherence to UN Security Council resolutions. The head of state reiterated Indonesia's position when he received Iraqi Foreign Minister Muhammad Sa'id al-Sahhaf at Bina Graha, Jakarta today.

Suharto hoped that certain relaxations will be accorded to Iraq in accordance with its adherence to the UN Security Council resolutions, even though the sanctions cannot be lifted totally.

Speaking to reporters after accompanying his Iraqi counterpart, Foreign Minister Ali Alatas said the head of state stressed that the UN Security Council resolutions need to be carried out in accordance with justice so that the innocent Iraqi people will not be made to suffer from the negative impact. The sanctions imposed on Iraq should be based on humanitarian grounds.

### **Alatas on Spratlys, Iraq Sanctions**

*BK0103102795 Jakarta SUARA KARYA in Indonesian 1 Mar 95 pp 1, 11*

[FBIS Translated Text] Jakarta (SUARA KARYA)—Indonesia does not want a 1960's-type confrontational pattern in the dispute with Malaysia over the Sipadan and Ligitan islands. Hopefully, the matter can be settled at the foreign ministerial level.

Foreign Minister Ali Alatas expressed this hope in reply to questions from reporters after accompanying Iraqi Foreign Minister Sa'id al-Sahhaf during a meeting with President Suharto at Bina Graha, Jakarta, on Tuesday.

"We are now seeking the best way for further talks. The current talks have been at the technical level. Now, we want the talks to be at a foreign ministerial or informal level," Alatas said.

When asked on whether Indonesia has compromised too much over efforts to settle the dispute over the Sipadan and Ligitan islands, Ali Alatas said: "We are not compromising, but we want to show that we, as close fellow ASEAN members, will be able to settle the matter peacefully and cordially.

"Don't return to the confrontational pattern. We have to logically show our ability to settle the matter peacefully. We must prove this to outsiders. Southeast Asian nations have been mature enough to settle their problems peacefully," he said.

Foreign Minister Ali Alatas said that Malaysia in fact wants the dispute over the two islands off East Kalimantan to be referred to the International Court of Justice right away. "We are not against this, but we think that it is not yet time to do so. Let us explore a bilateral settlement. This is just the first exchange of views," he said.

According to Alatas, Indonesia will refer the matter to a forum or body that we have set up if it decides to seek the assistance of a third party. "We do not rule out the possibility of referring the matter to the International Court of Justice, and we are not afraid of the possibility. However, we must exhaust all means for bilateral contacts. If we want an international mediation, let us show our confidence in our own mechanism," he said.

According to Alatas, Indonesia is not in a hurry. "Please don't be mistaken. We do not reject what Malaysia has proposed. That is not the case," Alatas added.

When asked about developments around the Spratlys, now being disputed by the Philippines and China, Foreign Minister Ali Alatas said Indonesia hopes that they (the Philippines and China) will not resort to force because such a way is no longer appropriate. "I think that the two sides realize that it is no longer appropriate to resort to force," he said.

According to the foreign minister, Indonesia has tried to settle the Spratlys dispute partly through a series of symposiums on the South China Sea designed to contribute to a better atmosphere. In the meantime, the two countries are expected to hold a dialogue.

Another symposium, Alatas said, will be held in June-July. The next symposium had been planned as a routine activity and is not connected with the current tension. The symposium can be seen as a forum where we can sit together.

The foreign minister admitted that continued tension in the Spratlys will affect Southeast Asia and East Asia as a whole. "There is now tension as we are trying to build a more stable and peaceful zone through the ASEAN Regional Forum," he said.

Ali Alatas, however, noted that tension between the two countries (the Philippines and China) has eased, according to the latest report, and there seems to be a better dialogue.



**Iraq**

Meanwhile, Iraqi Foreign Minister Sa'id al-Sahhaf said, following a courtesy call on President Suharto, that he was coming here to pay a working visit to Foreign Minister Ali Alatas.

"I conveyed to President Suharto a verbal message from President Saddam Husayn. Accompanied by my colleague, Foreign Minister Ali Alatas, I briefed the president on Iraq's compliance with UN Security Council resolutions and its cooperation with the UN Security Council on the implementation of Paragraph 22 of UN Security Council Resolution No. 67. This is my main mission here," he said.

Foreign Minister Alatas added that President Suharto thanked the Iraqi foreign minister for the explanation and President Saddam Husayn for sending the Iraqi foreign minister to explain the matter.

He said that the president reiterated Indonesia's position and that of the other members of the Nonaligned Movement in making continued efforts to acknowledge what Iraq has done to implement the UN Security Council resolutions.

"If a lifting is not possible, there should be at least relaxations in accordance with the level of Iraq's compliance. The president stated that the UN Security Council resolutions should be totally implemented. However, they should be implemented wisely to avoid a negative impact, particularly on the innocent Iraqi people. Thus, the matter should be viewed from the humanitarian point of view as well as from the angle of justice," Alatas said.

**Major General Mazuni To Head Officers Council**

*BK2802141695 Jakarta REPUBLIKA in Indonesian 28 Feb 95 p 1*

[FBIS Translated Text] Jakarta—The ABRI [Indonesian Armed Forces] is continuing its efforts to settle the Liquica case in East Timor. After his recent appointment as inspector general of the Army, Major General Muzani Syukur was also appointed DKP [Honorary Officers Council] chief yesterday.

He was appointed after Army Chief of Staff Lieutenant General Hartono appointed F.X. Sujasmin as deputy army chief, replacing Lieutenant General Suryadi at the Army Headquarters. It was rumored that Suryadi would be appointed ambassador to Britain.

Muzani, who is commander of the Siliwangi Third Region, chaired yesterday's DKP meeting attended by all regional commanders. Reporters were not allowed to attend either the appointment ceremony for the new deputy Army chief or the DKP session. According to Brigadier General Afifudin Thaib, the Army Information Service Department chief, reporters were excluded from the sessions because there was insufficient space to accommodate them.

When asked by reporters yesterday during a quick session at Kodam Jaya, Hartono said the DKP will carry out its work in an objective manner. It will not be influenced by reports presented by the ABRI Fact-Finding Team or the National Human Rights Commission Team.

Touching on the question of the result of the investigations conducted by the National Human Rights Commission, the Army chief said the report will be coordinated. He explained: "We could be confused by the report. It could be possible that the report by the National Human Rights Commission is not complete."

When asked to comment on whether the DKP will impeach those involved in the incident, the four-star general Army chief, who refused to make any comment, said: "I cannot say anything now on this issue. I have just been appointed. Those found guilty will face the consequences."

According to Hartono, the DKP is divided into three groups, each consisting of high-ranking officers. He added that selection was based on merit rather than rank. Hartono said: "I can be a four-star general, but with regard to laws, I do not know anything about them."

The three DKP groups are headed by Army officers holding the rank of major general. The Army chief did not provide any details on the officers heading each group. He said: "Just forget it." The Army chief, however, did not deny the names mentioned by the reporters—which were Sujasmin; Assistant Army Information Department Chief Major General Imam Utomo; and the Army Deputy Commander Major General Kojin.

When asked about the duties of each group chief, the Army chief said: "Some are administrators and some are supervisors. Seven officers are allocated to a group."

The current membership of the DKP is considered unique because it includes a large number of Army officers—36 in all, 20 of high rank. The lowest ranking officer in the administrative group holds the rank of lieutenant colonel.

The YLBHI [Indonesian Legal Aid Foundation] will also send a fact-finding team to Liquica. Hendardi, the YLBHI special program and communications director, said yesterday that the foundation will send its fact-finding team to Liquica after the Id al-Fitr holidays.

**Reduction of ABRI Role in Parliament Viewed**

*BK2802134995 Jakarta REPUBLIKA in Indonesian 27 Feb 95 p 6*

[Editorial: "Readiness of the Indonesian Armed Forces"]

[FBIS Translated Text] ABRI [Armed Forces of the Republic of Indonesia], through the remarks made by Major General Muhammad Maaruf, ABRI chief of staff for social and political affairs, has demonstrated its



sharp eye for reading the "signs of the times" as well as showing its magnanimity. Only two days after President Suharto instructed LIPI [Indonesian Council of Sciences] to seek a suitable electoral system and review ABRI's social and political role—especially the number of ABRI representatives in parliament—Gen. Maaruf said ABRI is ready to reduce its number of representatives in parliament if that is what LIPI's research suggests.

The short time between President Suharto and Gen. Maaruf's remarks seems to suggest that reducing the number of ABRI parliamentarians is already being seriously discussed within the ABRI leadership. Such a possibility is even greater in view of the fact that the ABRI officer who made the remarks was only installed last week. Therefore, when the president issued the instruction, ABRI promptly issued a positive response. In other words, this seems to be a united response by the president and ABRI to the aspirations of the public, who have discussed the issue for some time.

According to Law No. 2/1985, ABRI is entitled to occupy 100 seats in parliament, or 20 percent of the total number of seats. The number of seats reserved for ABRI is considered high when compared to the smaller number of seats gained by the two political parties contesting past general elections.

Gen. Maaruf said ABRI parliamentarians play their role well because they act as a stabilizing force that represents the interests of the people and ABRI. He also dismissed suggestions that ABRI parliamentarians often side with the ruling Golkar [Functional Group] in making decisions. Those who often attend parliamentary hearings might add that in certain cases ABRI parliamentarians adopt a more progressive stance than the other three factions in safeguarding the people's interests.

In view of this fact, we believe it is unwise to abolish the ABRI faction in the House of Representatives while allowing the ABRI faction to remain in the People's Consultative Assembly. A transition period is needed before any change is made in this longstanding institution.

We hope that even if a reduction in the number of ABRI parliamentarians takes place, it will not reduce ABRI's dual function role. In this case, the president has made it clear that the LIPI's research should not include ABRI's dual function role. His remarks can be seen as a warning that the reduction of ABRI seats in parliament should not be misconstrued as an effort to abolish ABRI's dual function role. Those who hold this assumption are mistaken not only politically but also in terms of historical facts, because it is a fact that ABRI's dual function role to represent the people's rights extends far beyond the parliament's walls.

To what extent will ABRI's seats in parliament be reduced? Nobody can give a clear answer. LIPI will set up a research team next week for this purpose while

another team will be set up to formulate an ideal electoral system. LIPI Chairman Sofyan Tsauri promised that the progress of the two teams' research will be revealed to the press in stages.

The LIPI chief's goodwill is praiseworthy because the regular publication of the research will attract more discussion participants. The issue will become a public debate—something that should be done for very important national issues. As such, the general public will know and follow the process and even contribute ideas to the discussions until a conclusion is reached. This is the essence of the nation's political education. Indeed, this is also one way to make the public mature and make them realize their status as citizens of an independent country who can exercise their rights, duties, responsibilities, and sense of freedom. These issues are too big and too important to be entrusted to a handful of people.

#### \* Suharto on Benefits Derived From Conglomerates

95SE0111A Jakarta MERDEKA in Indonesian 22 Jan 95 pp 1, 3

[FBIS Translated Text] Jakarta, 21 Jan (MERDEKA)—President Suharto stressed that the existence of conglomerates poses no cause for concern, because they exist to enhance the prosperity of the people. Therefore, the view that the economy is dominated by a few conglomerates is not correct.

"The state is able to control conglomerates with regulations and policies. The basis of policy is Article 33 of the 1945 Constitution, which says that the state controls economic resources for the sake of maximum prosperity for the people. Thus, the state does not simply control for control's sake," the president said.

The head of state reiterated this Saturday, 21 January, at Freedom Palace in Jakarta as he gave advice to 50 shadow play puppeteers belonging to the Indonesian Shadow Play Puppeteers Association (PEPADI).

The president also explained that the government has arranged through its policies that the existence of conglomerates also enhances the prosperity of the people.

As an example, the head of state said that conglomerates in the textile sector have satisfied the clothing needs of the people at affordable prices.

"If there were no textile factories here, we would be forced to import. Since imports use foreign exchange, imports would be made only if there were foreign exchange. If there were no foreign exchange, the people would remain naked. They would ultimately have no clothes," he said.

Besides that, these industries absorb manpower, which also enhances the prosperity of the people. From the government's side, these textile industries contribute to national development through taxes.



The president said that the owners of conglomerates cannot take their factories with them if they move overseas or die.

"What if they should flee? Never mind. Their industries remain here and cannot be carried away. If they die, let them. They cannot take their industries to the hereafter," he said.

The head of state stressed that the conglomerates are not going to dominate the country's economy. The state, with its various regulations and policies, is able to control them.

One of the policies, the president said, is the development of the capital market and the giving of stock to cooperatives.

"Thus, the people can have a part in owning stock through cooperatives. If cooperatives buy, that means the public buys. Therefore, there is no need to worry that capital—those stocks—will be owned permanently by the conglomerates," he said.

#### **Pancasila Orientation Needed**

The head of state smilingly noted the importance of the puppeteers' social function. He said that they as leaders therefore need to receive indoctrination in the Guidelines for Implementation of Pancasila (P4).

In connection with such implementation of Pancasila, the head of state declared that the key to P4 is self-control, and to exercise self-control one must understand one's own identity.

"Knowing Pancasila is not enough. Knowledge must be accompanied by conduct," he said.

"We must know our identities as creatures of God, members of society, and Indonesian citizens," he added.

If we do not know these things, the head of state said, it will be hard to exercise self-control. If we do not know what must be controlled, how can we exercise self-control?

"This is a lesson. Our respected puppeteers know this and have the ability to teach our people about what must be controlled," he said.

According to the head of state, the puppeteers have ways for knowing oneself through observing oneself, namely by looking at the realities of life through the mystic knowledge of truth. "Truth in seeing oneself. Truth in seeing the universe," he added.

#### **Still 25 Million People**

Touching on poverty, the head of state said that when Indonesia began to develop, 70 percent of the people were poor. After all the programs to improve the incomes of farmers, develop industry, and make jobs,

about 13.67 percent of the people still lived below the poverty line at the end of REPELITA V [Fifth Five-Year Development Plan].

"This 13.67 percent of 190 million is still a large number of people, more than 25 million."

#### **Editorial Views Multiparty Political System**

*BK2802131995 Jakarta MERDEKA in Indonesian 27 Feb 95 p 6*

[Editorial: "No Need To Shift Attention"]

[FBIS Translated Text] Everyone seems to know how hard Brother [bung] Harmoko's work is as general chairman of the Golkar [Functional Group] Central Executive Council. Indonesia is now facing an era of globalization, when borders among sovereign nations or countries are no longer as visible. Brother Harmoko stated time and again during a Ramadan visit to Samarinda on 22 February that two political parties and the Golkar could adequately accommodate the Indonesian people's aspirations, and their existence "is pursuant to the law."

According to Harmoko, we do not need to adopt the multiparty system as in the past because we were then trapped with 100 parties and 100 ideologies. Thus, nine political parties and the Golkar contested the general election following the birth of the New Order. We later agreed to have only two political parties and the Golkar on the basis of a national consensus and the law. This is what Brother Harmoko referred to as the people's aspiration in the "beloved" Indonesian nation. Thus Brother Harmoko concluded there is no need to form new political parties as suggested lately. Brother Harmoko seems allergic to the calls for the formation of new political parties to break the frozen and rigid political climate because he believes that the current political system is compatible with current developments.

We can certainly accept Brother Harmoko's idea. We believe, however, that it is not a sin to respond to the calls for change. In particular, we can try to stay cool and face the globalization era with a clear mind. Such an attitude is necessary for any introspection. We have to ask ourselves whether the two political parties and the Golkar have adequately accommodated the people's aspirations; whether representatives of the two political parties and the Golkar are free from the image of being "yes men" [preceding two words published in English] and have enough rigor to face such national problems as the gap between rich and poor. There is a dilemma: How can some intelligent people who live in a very rich nation continue to live in misery or under very harsh economic conditions while migrants can become "very rich" within a short period of time?

We still have a lot of problems at home and abroad. At home, we face state fund leakages, the financial losses of state enterprises, and moral decadence despite the Pancasila refresher courses. Abroad, the East Timor issue



continues to be raised by false heroes who claim to voice the aspirations of the people of the province, which has been integrated with the Republic of Indonesia for 20 years. All these problems call for hard work and deep thought. It is really deplorable that major problems that call for immediate deliberation and settlement are left untouched while our attention shifts to trivial issues such as "environmental pollution," the need to "screen" for loyalty to the nation, the need for a "special investigation," and other issues that may not be settled in a balanced way. The need to decrease the number of ABRI [Armed Forces of the Republic of Indonesia] seats in the House of Representatives is the latest such issue.

After 50 years of independence, the people do not seem to enjoy as much freedom as they wanted. The people are still wrestling to overcome their socioeconomic problems. For that reason, the people are perhaps tired of the lengthy lessons on the political system that add to their mental burden.

While a number of Netherlands and other modern European thinkers envy us for our ability to create a revolution for independence and trigger the struggles of the Asian and African peoples, a handful of Indonesians regret having ousted the Netherlands from the country. This is part of a paradox we must face in entering the globalization era, and it is now up to Brother Harmoko, chairman of the largest and most powerful group in Indonesia, to answer this paradox. For example, why can other nationals earn big profits from Indonesian soil while little gain is possible for our own people? We must return this question to the Golkar because the country's largest political organization should not only enjoy power but also carry out its responsibility.

### Laos

#### Reportage on CPC Organizational Board's Visit

##### Group Begins 8-Day Visit

*BK2502080095 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 24 Feb 95*

[FBIS Translated Text] Yesterday, the delegation of the CPC Central Committee [CC] Organizational Board headed by (Houng Yu-huan), its deputy chief, arrived in Vientiane to pay an official visit to Laos at the invitation of the Organizational Board of the Lao People's Revolutionary Party Central Committee.

The visit by the delegation of the CPC CC Organization Board is aimed at holding consultations with the Lao counterpart on party organizational and cadre training work in the new period. The delegation is scheduled to stay in Laos for eight days.

##### Delegates Exchange Lessons

*BK2502080295 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 24 Feb 95*

[FBIS Translated Text] The delegation of the Organization Board of the Lao People's Revolutionary Party

Central Committee [LPRP CC] headed by Mrs. Davon Vongsak, alternate LPRP CC member and deputy chief of the LPRP CC Organization Board, held talks this morning to exchange lessons with the delegation the Organization Board of the CPC Central Committee [CC] headed by (Huang Yu-huan), deputy chief of the CPC CC Organization Board. The Chinese organizational delegation is currently paying an official visit to Laos.

At the talks, the two sides informed each other of the activities of their central organizational committees aimed at organizing and building the party and cadres and consolidating party organizational apparatuses at all levels. In addition, the two delegations also consulted and exchanged lessons with each other and expressed views on the direction of the immediate tasks which will be executed by the central organizational committees.

#### Bomb Removal Work Continues in Xieng Khouang

*BK2802160595 Vientiane KPL in English 1033 GMT 28 Feb 95*

[FBIS Transcribed Text] Vientiane, February 28 (KPL)—Local technicians and workers from the Mennonite Central Committee (MCC) has been conducting an unexploded ordnance (UXO) clean-up and disposal operation in the northern province of Xieng Khouang since February 18.

The operation which is currently working in Kham District has cleared and destroyed 4,698 bombs and shells of different kinds.

MCC has been working in Lao PDR [People's Democratic Republic] since 1975. Its involvement has mainly been to provide financial assistance for agriculture, social welfare, education and health projects. It has also helped the Lao people to recover from the devastating Indochinese war, including unexploded ordnance clean-up.

#### National Assembly Plenary Session Opens 28 Feb

*BK0103013895 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 28 Feb 95*

[FBIS Translated Text] The sixth plenary session of the National Assembly [NA] was convened this morning at the NA hall in Vientiane with the participation of Khamtai Siphandon, chairman of the Lao People's Revolutionary Party Central Committee [LPRP CC] and prime minister; Nouhak Phoumsavan, member of the LPRP CC Political Bureau and president of state; Khamphoui Keoboulapha, member of the LPRP CC Political Bureau and deputy prime minister, and chairman of the Committee for Planning and Cooperation; Saman Vignaket, member of the LPRP CC Political Bureau and chairman of the NA; and members of the Third NA from throughout the country.

During the 8-day session, delegates will hear, study, and express views on various laws, namely the Law on



Government and the Law on Military Obligations and National Defense. The meeting will endorse the upgrading and reorganization of government personnel, hear reports on the working activities of NA members from each constituency, and hear lectures on party traditions on the occasion of the 40th party founding anniversary, reports on the international situation, and our party's international affairs.

At the auspicious opening of the session, Saman delivered a speech officially inaugurating the meeting.

### Philippines

#### PRC Reported Occupying More Spratly Islets

*BK0103071195 Manila PHILIPPINE DAILY INQUIRER in English 25 Feb 95 p 2*

[Report by Cynthia D. Balana]

[FBIS Transcribed Text] Ulugan Bay, Palawan—Authorities have discovered new evidence that indicated China continues to expand its occupation of territories in the Freedom Island group being claimed by the Philippines, military officials said here yesterday.

Military officials said Chinese markers were seen on two more territories in the island chain—Jackson Atoll and Half Moon Reef—which are believed rich in gas and mineral deposits and are within the Philippines' 200-mile exclusive economic zone.

Jackson Atoll and Half Moon Reef are located west of Palawan and near the Panganiban Reef which now hosts a Chinese base.

Military officials learned of the presence of a big rock with Chinese characters in the two territories only recently but local fishermen said they have been seeing the markers there since last year.

Military sources expressed alarm over this new discovery, claiming the Chinese military base built on Panganiban Reef started with markers.

"There is no Chinese military presence yet but definitely, there's an intention to occupy these territories," said one military official.

Philippine troops have stepped up patrol of at least eight of the 53 islands in Kalayaan which they have been occupying—Pag-asa, the biggest with a fortified Marines base, Lawak, Rizal, Kota, Panata, Likas, Parola and Ligaw.

Philippine authorities have admitted the country has no military might to take back the occupied territories from the Chinese and was limited to diplomatic offensives as a solution.

The head of the Senate foreign relations committee proposed that President Ramos use his European trip

next month to help bring the Spratly problem to the attention of European leaders and policymakers.

"The President should make use of his trip to articulate the Philippine position on the ownership of the Spratly archipelago and the sovereignty of the Philippines over the Kalayaan chain," said Sen. Blas Ople.

Mr. Ramos is scheduled to visit the Netherlands, Turkey, Iran, Denmark and the United Kingdom from 6-16 March.

#### Government Releases Detained PRC Nationals

*BK0103073195 Quezon City MALAYA in English 26 Feb 95 pp 1, 6*

[Report by Joy Gruta]

[FBIS Transcribed Text] Fifty-five Chinese nationals nabbed by the Coast Guard in September last year for illegal entry and illegal possession of explosives at the disputed Spratly Islands were released last week, a coast guard official said yesterday.

Captain Roberto Garcia, 4th Coast Guard commander, said the 55 Chinese were freed after a Palawan judge ruled that there were no sufficient grounds to warrant their further detention.

The release of the Chinese nationals came days after the Philippine and Chinese Government agreed to hold talks in Beijing next month to find peaceful solutions to conflicting claims over the Kalayaan Islands.

The two countries had planned to hold annual bilateral talks in April or May but "because of this issue, we agreed to advance the dates," Foreign Undersecretary Rodolfo Severino said.

The Philippines has protested China's construction of four structures on stilts on the Panganiban Reef. Beijing has said the structures were meant to serve as "shelters" for Chinese fishermen.

As this developed, Navy Chief Rear Admiral Pio Caranza said that the Navy will buy guided missile boats, patrol ships, and additional aircraft as part of the modernization of the Armed Forces.

Caranza said the military is now studying a French offer of missile attack boats.

"We are praying that this will be approved by the president this year," Caranza said.

#### Strong Economic Ties Seen With Vanuatu

*BK2702085295 Quezon City MALAYA in English 22 Feb 95 p 2*

[By Jean Magdaraog]

[FBIS Transcribed Text] Visiting Vanuatu Prime Minister Maxime Carlot Korman has said his country would



rather enter into bilateral agreements than wait for recommendation from big financial organizations.

Korman said this during his talks with Foreign Secretary Roberto R. Romulo, Undersecretary Rodolfo Severino and Federico Macaranas at the Department of Foreign Affairs.

"We believe in bilateral relations, as the two countries interested in a particular area can move very fast," Korman said.

He and the Philippine officials agreed that arrangements would be made for a possible exchange of experts between the two countries especially in the field of fisheries, tuna processing, and even technology transfer.

Kolman added that private companies would be welcome to do business in his country's fishing industry.

He also invited them to visit the fishing port of Vanuatu for possible business tie-ups.

The prime minister also expressed interest in educational television or "distance learning." He said his country entered this field only in 1992 and is now on its second phase.

A small country in the South Pacific, Vanuatu has air links to New Zealand, Fiji, Papua New Guinea and Australia.

#### **Status of Communist Chief Sison's Dutch Asylum**

*BK0103093695 Quezon City MALAYA in English 25 Feb 95 p 10*

[Report by Jean Magdaraog]

[FBIS Transcribed Text] The Department of Foreign Affairs [DFA] yesterday clarified that Jose Maria Sison had not been granted political asylum by the Dutch government.

The clarification was made after the Dutch Council of State has overruled the Dutch Justice Ministry, which said Sison was not qualified for political asylum.

The DFA said the Dutch Council of State does not grant political asylum, and Sison would still have to apply and go through a particular process for asylum.

It was the second time since 1992 that The Netherlands' highest advisory body had overturned a decision by the Dutch Ministry of Justice, which had rejected Sison's asylum.

The DFA said, "while it is the right of every sovereign country to choose which aliens to allow to stay within its territory and to classify the nature of their stay, it appears that the Dutch Council of State needs to be further enlightened on conditions currently obtaining in the Philippines." It did not elaborate.

The Dutch Ministry of Justice, the DFA said in a statement, is convinced that Sison, who has been living

in exile in The Netherlands since 1988, did not qualify as a refugee under the relevant Geneva convention.

"The Ministry of Justice also concluded that Sison could be held responsible for crimes against humanity committed by the communist party as well as disproportionate violence employed by the movement in years past," the DFA added.

It added the ministry "also determined that Sison and his party continued to maintain contacts with 'terrorist' organizations." The DFA said this development "does not affect the strong and solid relations between the Philippines and The Netherlands, much less the forthcoming visit of President Ramos" to The Netherlands.

#### **Revolution Remains Option for Military Rebels**

*BK0103094195 Quezon City MALAYA in English 25 Feb 95 p 2*

[Report by Luisa Garcia]

[FBIS Transcribed Text] The Rebolusyonaryong Alyansang Makabansa [Nationalist Revolutionary Alliance] (RAM) led by senatorial candidate Gregorio "Gringo" Honasan yesterday said it will stage a bigger revolt if the government continues to fail to institute deep-seated social, economic, and political reforms.

"Babalik kami sa mga tao [We will return to the people]. Hindi lamang coup d'etat, talagang rebolusyon na [Not only coup d'etat, but a revolution]. And we'll make sure majority of the people are on our side," RAM spokesman Capt. Proceso Maligalig said.

But he stressed RAM is setting aside armed struggle for now and exhausting all means to institute reforms, particularly through its peace talks with the government.

He said the RAM recognizes the fact that reforms could take time and RAM is willing to wait.

He said RAM would not have fielded candidates before electoral reforms are instituted but it eventually decided to allow Honasan to run so RAM could work within the framework of government and hasten the implementation of reforms.

Maligalig said the RAM's thrust includes the eradication of poverty and graft and corruption, and reforms in Philippine politics.

Maligalig also lambasted the Lakas-Laban coalition for making a mockery of the Honasan-Miriam Santiago alliance against fraud.

He said the coalition should have not called the two "political hecklers" because the coalition is the one heckling Honasan by calling him the worst violator of the Constitution.

#### **Ramos Signs Investment Package Bill**

*BK0103101695 Manila MANILA STANDARD in English 27 Feb 95 p 3*

[Report by Fel V. Maragay]



[FBIS Transcribed Text] Business firms registered with the Board of Investments [BOI] can now import machinery, equipment and spare parts which are 100 percent free from national internal revenue taxes and Customs duties.

The tax-free importation of capital equipment is among the package of incentives granted to new expanding and modernizing enterprises under Republic Act [RA] 7918 signed by President Ramos last Friday.

The new law amends Article 39, Title III of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987.

Other incentives given to BOI registered enterprises are income tax holiday, additional tax deduction for labor expense, tax credit on domestic capital equipment, simplified customs procedures, unrestricted use of consigned equipment, employment of foreign nationals, exemption of breeding stocks and genetic materials from taxes and duties, access to bonded manufacturing/trading system, and exemption from wharfage dues and export tax.

President Ramos said the package of incentives makes the Philippines more attractive as an investment destination.

He said in a new world trading order brought about by the General Agreement on Tariffs and Trade, it is crucial for the country to sharpen its competitive edge as an international player.

"With this package of fiscal incentives, as well as various other benefits already in place, we are better able to sustain the momentum of economic growth that we have achieved in the past three years," the chief executive said.

RA 7908 provides that imported capital equipment needed by the enterprises shall be tax and duty-free on the following conditions:

- They are not manufactured domestically in sufficient quantity, or comparable quality and at reasonable prices; and
- They are reasonably needed and will be used exclusively by the registered enterprise in its business activity.

The new law grants income tax exemption to pioneer firms for six years and non-pioneer firms for four years.

The income tax exemption shall be extended for another year in each of the following cases:

- The project meets the prescribed ratio of capital equipment to number of workers set by the BOI.
- Utilization of indigenous raw materials at rates set by the BOI.

—The net foreign exchange savings or earnings amount to at least US\$500,000 annually during the first three years of operation.

RA 7918 provides that for the first five years from registration, an enterprise shall be allowed an additional deduction from taxable income of 50 percent of wages corresponding to the increment in the number of direct labor for skilled and unskilled workers if the project meets the prescribed ratio of capital equipment to number of workers set by the BOI.

The law states that a registered enterprise may employ foreign nationals in supervisory, technical or advisory positions for a period not exceeding five years from its registration. This privilege may be extended for a limited period at the discretion of the BOI.

However, when the majority of capital stock of the enterprise is owned by foreign investors, the positions of company president, treasurer and general manager or their equivalents may be retained by foreign nationals beyond the five-year period.

#### Debt Servicing Drops to 15.3 Percent of Exports

BK0103101595 Manila *PHILIPPINE DAILY INQUIRER* in English 27 Feb 95 p B7

[FBIS Transcribed Text] Despite an almost \$1-billion annual rise in the country's foreign debt, the Bangko Sentral ng Pilipinas [BSP—Central Bank of the Philippines] claimed the country is "well on track to outgrow the foreign debt problem, ending 1994 with a historically low debt service burden."

BSP Gov. [Governor] Gabriel C. Singson said preliminary estimates showed that the debt service burden went down in 1994 to 15.3 percent of exports of goods and services, from 18.69 percent in 1993.

The country's foreign debt rose to more than \$36 billion last year. When President Ramos took over in 1992, the debt amounted to \$32 billion.

The 1994 debt service level is less than half the debt service ratio of 37 percent of exports in the crisis year of 1984. Indonesia, on the other hand had an estimated debt service ratio of 27 percent for 1994.

Singson said the composition of the foreign debt of the country continued to improve, with the share of short-term debt down to less than 15 percent.

He said the current account deficit—the difference between exports and imports of goods and services and interest payments—remained healthy at 4.5 percent of gross national product for 1994.

Consumer goods accounted for less than 10 percent of imports.

Although government officials have stated that the foreign debt burden is no longer a deterrent to economic



growth, experts said the debt level will no longer go down and just keep on increasing.

They noted that what is important is for the country's ability to service the debts to improve. This is primarily through substantial growth in exports.

For this year the country expects some \$3.53 billion in new medium and long-term loans, only \$50 million lower than the \$3.58 billion in 1994.

### Thailand

#### Impact of Barings Failure 'Only Psychological'

BK2802144395 Bangkok Thai Color Television  
Channel 9 in Thai 1200 GMT 28 Feb 95

[FBIS Translated Text] According to Government House spokesman Akkharaphon Sorasuchat, before the cabinet meeting proceeded with its agenda today, Finance Minister Tharin Nimmanhemmin reported on the impact of the Barings problem. Tharin said checks revealed that the Baring group's participation in the Securities Exchange of Thailand was merely as an ordinary stock broker. The latest checks showed that the amount affected is less than 30 million baht. Therefore, any impact on the financial and securities market is expected to be short in duration and only psychological. There should be no long-term impact.

Meanwhile, the Securities Exchange Commission says the Barings problem will have no repercussion on Thailand because Barings Bank is merely one of the brokers trading stocks through certain companies, such as Thana Siam Finance and Securities Company. Thana Siam has not shown any abnormal behavior.

[Begin recording in progress] [Securities Exchange Commission member Ekamon Khirawat] ... transactions proceeded without any problem. Yesterday's event did not cause any harm to Thana Siam. Everything proceeded as normal. The general public may have misunderstood the situation. They may think that what happened will affect everything. In fact, the impact is merely psychological. I say that there is no cause for concern. We are following the matter closely, however, because it is very interesting and could give us a lesson about the flaws of the derivatives market. It happened in Singapore, which is reputed to possess very stringent financial controls. [end recording]

#### Papers Comment on Burmese Victory Over Karens BK2802145595

[FBIS Editorial Report] Two Thai-language dailies, Bangkok KRUNGTHEP THURAKIT and Bangkok MATICHON, publish commentaries on 27 February on the fall of Karen National Union [KNU] bases to Burmese soldiers.

Kasem Atchaisai writes in his "Hot World" column on page 4 of KRUNGTHEP THURAKIT a 900-word commentary titled: "Burma Is Applying British Tactics to the Problem of the Karens." As the Karens put it: the fall of the KNU bases constitutes a turning point in their war for independence. It is the beginning of their guerrilla war against Burma.

Reportedly, when the last Karen base fell to the Burmese, it was not the Burmese flag raised over the Kawmura camp by the Burmese troops, but the yellow flag of the Buddhist faction in the Karens' independent movement. It is believed the Buddhist Karens' change of heart to side with the Burmese was the reason for the fall of Manerplaw, which forced KNU leader Bo Mya to flee.

The column reviews Burma's geopolitical history and stresses the fact that Burma includes several groups of ethnic minorities, one being the Karens. Following the collapse of Kawmura, a report from the Burmese Government described it as a victory of the democratic armed forces of the Buddhist Kachins, whose offensives forced KNU leaders Bo Mya and Tho Hla to flee into Thailand with about 800 men.

Meanwhile, Karen soldiers who fled into Mae Sot District in Thailand attributed their defeat to the intense fire of the Burmese troops, particularly the use of smoke shells. The Karens vowed that they would regroup and continue the fighting. "For sure, from now on they will have to fight with the Buddhist Karens and not the Burmese.

"The divide-and-rule tactic of the Burmese army always works—the way it used to work during British rule. When the British gave independence to Burma, it also promised the Karens that they would be independent. But Burma remained indifferent to that. "That was the origin of today's war between the Burmese and the Karens," the columnist concludes.

In his 1,200-word column on page 31 of MATICHON, titled: "It's Time to Review Thailand's Policy on Burma," Nithi laosiwong also believes that the armed resistance of the ethnic peoples in Burma has come to a turning point with the fall of the last two major Karen bases. From now on, they will have to adopt hit-and-run tactics and their guerrilla warfare will never inflict heavy losses on the Burmese military regime. The struggle will shift to urban areas, and this will be alarming for the junta because it is easier for urban rioters to control the information network and to manipulate internal and external pressure against the local government. It was for this reason that Aung San Suu Kyi has been put under house arrest by the junta. The urban area is better ground for a war of resistance against the military dictatorship.

"As the venue for struggle in Burma is shifting back to the urban areas, one can expect heavy repression by the military junta in defiance of international public opinion. This will also be a test of the policy of constructive engagement of Thailand and ASEAN.



"In fact, the policy of constructive engagement adopted by Thailand has never been effective in safeguarding human rights in Burma. The policy, shallow and superficial, was challenged by the military junta in Rangoon, which instead of pursuing peaceful negotiations, resorted to violent offensives against major bases of the ethnic groups. This runs counter to the propaganda by Thailand and ASEAN some months ago that constructive engagement was meant to pave the way for Rangoon to hold ceasefire talks with the ethnic minorities. The reaction from Burma reflected the short shrift it gave the policy of constructive engagement."

Could it be that the ASEAN countries are using the policy as a cover for their plunder of Burmese natural resources? In fact, no ASEAN leaders care much about human rights violations in Burma and there has been no improvement in human rights conditions there. How long will Thailand and ASEAN manage to deceive others with their policy of constructive engagement? How long will urban Burmese students remain silent? "SLORC is sitting on a time bomb which can explode at any time." Noting all the disadvantages from a commitment with Rangoon, the writer calls on the Thai Government to take advantage of Burmese suppression of the ethnic minorities as an excuse to review its policy on Burma and to replace the constructive engagement policy with a more flexible one which can adjust to the forthcoming changes in Burma.

#### **Burmese Opposition Thanks Chuan for Offer**

*BK0103054395 Bangkok BANGKOK POST in English  
1 Mar 95 p 9*

[FBIS Transcribed Text] The Burmese government-in-exile expressed its gratitude yesterday to Prime Minister Chuan Likpai and the Thai Government for offering to act as mediator in the conflict between Rangoon and minority forces.

The National Coalition Government of the Union of Burma said it recognised Thailand's intentions to bring the warring parties together for talks on restoring peace.

It said it welcomed the announcement by Mr Chuan that the return of ethnic Karens taking refuge in Thailand to their homes in Burma must be voluntary and repatriation must wait until there is a more peaceful environment in Burma.

The coalition said it supported any initiative taken by Thailand or any other member of the world community to restore genuine peace and democracy in Burma.

But it also believes any piecemeal effort without the overall objective of restoring peace, democracy and human rights in Burma was bound to fail given the nature of the socio-political and ethnic problems in that country.

It pointed out that the position of the democratic movement, including the ethnic groups, the coalition and Aung San Suu Kyi, had always been to settle political problems through dialogue.

This position, the statement said, had been made known time and again to the military leaders and the international community, particularly Thailand and ASEAN.

The coalition said it fully supported the 1994 United Nations General Assembly resolution urging the Burmese rulers to engage in substantive political dialogue with Suu Kyi and other political leaders, including representatives of ethnic groups, as a means of promoting national reconciliation and the full and early restoration of democracy in Burma.

#### **Foreign Minister Cancels Burma Trip**

*BK0103014595 Bangkok BANGKOK POST in English  
1 Mar 95 p 9*

[FBIS Transcribed Text] Foreign Minister Krasae Chanawong has decided to cancel his two-day official visit to Burma starting Friday due to untimeliness, Foreign Ministry officials said yesterday.

The Foreign Ministry officials said Dr Krasae's decision was based on timing as he had to prepare the report of the Forum for the Comprehensive Development of Indochina which he attended for Prime Minister Chuan Likpai.

The minister attended the two-day meeting in Tokyo organised by the Japanese Government and returns to Bangkok today.

Dr Krasae has to prepare for the Premier's trip to attend the World Summit for Social Development Conference in Copenhagen this month, they added.

However, a source said the cancellation of the trip was because the timing was not appropriate following the Burmese Government's suppression of Karen insurgents.

Burma would have been his first official visit as foreign minister had it not been for the change in plans.

Another source said he had set the trip to Burma in March when he was university affairs minister and wanted to pursue the plan after moving to the Foreign Ministry.

The Rangoon military regime, or the State Law and Order Restoration Council [SLORC], is under pressure from Western countries for its offensive against the Karen National Union despite its pledge to negotiate with minority groups in an attempt to reach a permanent ceasefire.

In another development, the State of Florida in America announced the prohibition of companies based in the state from investing in Burma in what amounts to a boycott of the Rangoon government, the source said.

Meanwhile, Defence Minister Wichit Sukmak supports the Rangoon government's adaptation of Thailand's policy for its national reconciliation, the Minister says in Burma, Gen Wichit said.



### **Mekong Quadrilateral Development Accord Approved**

*BK0103064095 Bangkok THE NATION in English 1 Mar 95 p A5*

[FBIS Transcribed Text] The government yesterday approved a draft agreement on cooperation between the four lower-basin Mekong River states which will allow Thailand to proceed with previously controversial water development projects in the river basin unhindered, according to senior government officials.

The agreement, which will allow no country to use a veto against another except when that country plans to divert mainstream waters in the dry season, will encourage future cooperation between Thailand, Laos, Vietnam and Cambodia in mainstream projects, including the Pha Mong Dam project.

The agreement, officially called the Agreement on Cooperation for Sustainable Development of the Mekong River Basin, is scheduled to be signed by the four countries on April 5 in Chiang Rai Province. Prime Minister Chuan Likphai will preside over the signing ceremony. China and Burma will be invited as observers.

Once signed, it will give birth to the Mekong River Commission, replacing the original Mekong Committee established in 1957.

The Mekong River Commission will comprise a council, joint committee and secretariat. The council will be headed by Minister of Science and Technology Suwat Lipataphanlop.

The agreement, according to Krit Kachanakunchon, one of Thailand's key negotiators of the draft agreement, primarily deals with the rules and criteria for water use and water diversion. It also will provide the basis for each state to address other relevant issues.

Dr Krit said the agreement reflected a balance between the community interests and sovereign rights of each country and would allow greater freedom for each river state to implement water development projects.

"The new agreement is not aimed at addressing all the problems but it will at least provide a basis for cooperating countries to work with more understanding and practicality and without tension, Krit said.

According to the director general of the Department of Energy Development and Promotion, Prathet Sutrabut, the only project which will need the agreement of the four countries before implementation is the diversion of water from the mainstream to other rivers in the dry season. Other projects will either require notification or prior consultation aimed at reaching an agreement, depending on the criteria of the water usage and the season.

According to Prathet, none of Thailand's projects concerned with water resource development in the Mekong River basin will need an agreement before taking off.

The implementation of both water diversion projects, which will involve the diversion of the Mekong's tributaries in Thailand, will only require notification, both in the dry and wet seasons, said Prathet, who headed the Thai side of the working group in drafting the agreement.

He said the new agreement would encourage the four countries to cooperate on mainstream projects which include the revised Pha Mong Dam across the Mekong River between Thailand and Laos and the construction of bridges across the river.

The new agreement will provide incentives for donor countries which want to see the emergence of the mainstream projects, according to Prathet.

### **Cabinet Approves Rice Sale To Iran**

*BK0103100795 Bangkok Radio Thailand Network in English 0000 GMT 1 Mar 95*

[FBIS Transcribed Text] The cabinet yesterday approved the sale of 200,000 tons of 100-percent Thai rice to Iran on credits as proposed by the Ministry of Commerce. The cabinet also approved the Export and Import Bank of Thailand to extend loan to Iran for the rice purchase with the Public Warehouse Organization as the (?signatory) for the sale agreement. Thailand's Ministry of Commerce and the Commercial Services Development Company of Iran agreed on 11 January 1995 on the rice deal at U.S. \$293.5 per ton. The volume of rice will be delivered on 15 March and 31 July 1995. Payment will be made in three lots at an interval of six months starting six months from the date of the agreement signing. Interest charged is at SIBOR [Singapore Interbank Rate] rate plus 1 percent.

### **Chuan Receives SRV Defense Minister**

*BK0103013295 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 28 Feb 95*

[FBIS Translated Text] Today Defense Minister General Wichit Sukmak accompanied visiting Vietnamese Defense Minister General Doan Khue and his delegation during a courtesy call on Prime Minister Chuan Likphai at Government House. The Vietnamese visitors are on an official visit as guests of the Thai Defense Ministry from 27 February to 3 March.

The prime minister expressed pleasure with the good relations between the two countries, saying these good relations, particularly at the leadership level, will continue irrespective of change in the situation in their countries. Their discussions touched on development of cooperation, including formation of a committee to oversee resolution of issues to achieve peace in the region, which is the ultimate common goal. The prime minister confirmed Thai support for Vietnamese membership in ASEAN and readiness to assist Vietnam in every way, particularly economic reform.

The Vietnamese defense minister conveyed the good wishes of SRV Prime Minister Vo Van Kiet to the prime minister.



**\* Economist on Industry, Agriculture Imbalance**

95SE0104A Bangkok ATHIT in Thai 20-26 Jan 95 pp 27-30

[Interview with Dr. Narong Phetprasoet, Chulalongkorn University, Faculty of Economics, by Piyanat Worasiri; date and place not given]

[FBIS Translated Excerpt] [Passage omitted] Dr. Narong Phetprasoet, a professor with the Faculty of Economics at Chulalongkorn University, has served as an adviser to various politicians in various parties, including the Democrat Party. [passage omitted]

[ATHIT] Prime Minister Chuan Likphai has stated that he wants to reduce the number of farmers from the present 60 percent of the population to only 5-6 percent as in Japan, with the emphasis placed instead on industrial development. Do you think that this is appropriate, and how feasible is this?

[Narong] I think that Mr. Chuan really wants to do that. But I don't know if he really understands this. Because in Japan, or the United States, the reduction in the number of farmers to only 4-5 percent occurred in accord with the market mechanism. Things have developed on their own in those countries. That is, in Japan and the United States, industry has been developing for a long time. Take the automobile industry, for example. A huge number of jobs has been created. This has attracted many workers from rural areas. There haven't been enough workers, because building cars requires many things. You have to have pig iron, which means that there must be iron ore mines. This in turn means that you have to have smelting plants and coal and many other industries. And you have to have tires, batteries, paint, chemicals, glass, and so on.

But is the industrial situation here like that? Here, our industries are like grafts. In developing industry here, employment is not as continuous as that. Do you get the picture? While industry in Thailand accounts for 28 percent of GDP [gross domestic product], it accounts for only 12 percent of the jobs. This is because the jobs last only a short period. Most of the jobs are in the service sector, not the industrial sector. In talking about reducing the number of farmers to only 5-6 percent, you have to ask several questions. One, what will support them? Two, will that reduction take place in a natural manner? If that takes place naturally and people are willing to work as industrial laborers, that's fine. But if you try to force people into this sector by refusing to support and develop the agricultural sector or do anything to help the farmers, supporting industry only, do you think that that is right?

[ATHIT] It doesn't seem right to use Japan as a model in reducing the number of farmers, because the situation of Japanese farmers is different from that of farmers here. For one thing, in Japan there is much less land than there is here.

[Narong] The Japanese think that if laborers from the agricultural sector are used to produce industrial goods, incomes will go up. Agricultural products sell for a lower price. But in Thailand, which agricultural goods sell at a lower price? If they are cheaper, then this is feasible. But the question you have to ask is, If they come and work in the industrial sector, will they be able to earn more than they used to earn? I think that it is a deception to say that people in the agricultural sector can earn only 1,000 baht a month as compared with 2,000 baht a month for laborers at industrial plants. The first question is, even if they earn 2,000 baht a month, what assets do they have? They don't have anything, right? But farmers who earn only 1,000 baht a month own some land, which is probably worth quite a lot. Has that been included in the calculations? Thus, it's not easy to make a comparison. Thus, before talking about people abandoning the land and becoming laborers, saying that their incomes will increase, you have to think about real income. Income does not mean just money. Land and other assets are income, too. These things, too, have value. What do laborers have? If they lose their jobs, they have nothing.

[ATHIT] In order to hit the target of reducing the number of farmers to 5-6 percent, what mechanisms or methods will the state use?

[Narong] What they are doing now is refusing to provide support. For example, they are reducing agricultural credits, refusing to prop up the price of agricultural goods, and refusing to provide support for fertilizer and water. The farmers won't be able to survive. But as far as reducing the number of farmers is concerned, it's not because the government has a problem with supporting fertilizer or water or providing sufficient credit. It simply wants to reduce the number of farmers and have them enter the industrial sector. But in that sector, the state doesn't have to do anything. The banks provide support. In short, the government doesn't have any problems and would rather put pressure on the farmers. But at the same time, if people are forced into the industrial sector, who will support them? That is my question.

From the standpoint of business strategy, throughout the world, the focus has been on industrial development strategies to support exports. For these goods to be competitive, they must be cheap and have good quality. Because we are not yet in a position to produce high-quality products, we have to focus on price, that is, the cost of our goods must be low. That means that production costs must be low. Thus, what methods can be used to reduce production costs? [passage omitted]

[ATHIT] Besides putting pressure on farmers to become industrial workers in order to have cheap labor, isn't an effort being made to obtain cheap labor by allowing foreign laborers into the country?

[Narong] Foreign workers are already working here. Burmese, Bangladeshi, Lao, and Cambodian workers are entering the country from both the south and the north. The cabinet passed a resolution on this. Several hundred



thousand people have entered the country legally, that is, in accord with the government's quota. But there are also many others who have entered the country illegally. Thus, the markets that use unskilled laborers employ these foreigners. That has pushed wages down to 100 or even 70-80 baht a day. These are illegal workers who are not paid the minimum wage, and they have no bargaining power.

[ATHIT] What will be the advantages and disadvantages in reducing the number of farmers in order to supply cheap labor to industry? And will this create a worrisome situation in the future?

[Narong] That will pose a danger if industrial growth does not keep pace. It's the farmers who will suffer. There won't be any problems if growth keeps pace. But in my view, the industries that will grow rapidly will be mostly low-tech industries. But today, the low-tech industries are having difficulties competing against China and Vietnam. This is because the low-tech industries in China produce much cheaper goods than Thailand. They have a much larger population, and wages there are lower because their cost of living is lower. But here, even if we can expand these industries by employing workers from the agricultural sector, wages here will still be higher than in China. There is no way for wages to be equal, because their cost of living is much lower than ours. [passage omitted] China's production technology is much better than ours in many ways. They produce their own looms, but we have to import such machines. Thus, production costs are much different. Because we buy these machines, our goods are more expensive. Thus, on the textile front, we are already losing.

[ATHIT] We are encouraging agricultural laborers to enter the industrial sector even though these are unskilled laborers, isn't that right?

[Narong] That's right. Most of the agricultural laborers entering the industrial sector are unskilled laborers. But in developing industry in the future, because of the world situation, low-tech industries will grow at a lower rate. Instead, the focus will be on expanding high-tech industries. The problem is that there will be a flow of uneducated people, or people with low educations, into the industrial sector without our having any way to develop their skills. At the same time, industry's need for skilled workers is increasing. This is the problem. Those from the agricultural sector will suffer the consequences.

[ATHIT] That means that they will be abandoned and won't be able to find work.

[Narong] That's right, unless we say that we will develop education and skills. But I don't know when that will be done or if it will keep pace with the growth of industry, which needs more highly skilled laborers. That is one thing. Another thing is, suppose that industry expands and that it can employ people from the agricultural sector, will our industrial situation have an advantage on

world markets? Even if we focus on developing our industries, will world markets be able to handle all the goods produced? [passage omitted]

In Asia, large quantities of cheap, low-tech goods are being produced by China, Vietnam, Indonesia, India, and Sri Lanka. We still aren't capable of producing high-tech goods. In such a situation, we will be fighting each other for markets. If markets become limited, we have trouble selling our goods, and if exports do not hit the targets, who will be the ones to suffer? The workers! The employers will simply lay off people. Where will they go? If there is still an agricultural sector, they can return to farming. But I don't think that there will be room for them in the agricultural sector.

[ATHIT] They may turn to crime, because they will have to do something to save themselves.

[Narong] Has the government given any thought to that?

[ATHIT] Do you think that the government has given any thought to that?

[Narong] No. It hasn't made any preparations for that. Their view is that because this hasn't happened yet, they don't need to think about it. That shows a lack of vision. That is why I think that if the number of farmers is going to decline to 5 percent, the number should decline on its own regardless of how long it takes. If it doesn't decline, then it doesn't. If the ratio is 60:40 or 70:30, that's fine. The agricultural sector can still make adjustments so that farmers earn high incomes. In the future, it's very likely that there will be shortages of food products. The expertise of our agricultural laborers is superior to that of people elsewhere in the region. Why do we want to abandon them? Why do we feel that they are of little value? Why aren't we looking into the future? Things may have been like this, but the world is changing. Countries throughout the world are becoming more and more concerned about preserving the environment, maintaining the quality of life, and preserving the vegetation and the ozone layer. If people want to turn all the rural areas into industrial areas, what will happen in Thailand?

[ATHIT] Not too long ago, in talking about developing Thailand, people said that Thailand should be turned into an agricultural industrial country, or NAC [new agricultural country] rather than a NIC [newly industrialized country]. Because one of Thailand's basic advantages is that it is an agricultural country. Has the idea of becoming a NAC now been abandoned?

[Narong] My question is why we can't preserve the agricultural sector in the form of agricultural businesses, or agricultural industries. Agricultural businesses don't all have to belong to large companies. When people talk about agricultural businesses, they think about the CP Company. Put simply, people lack vision. All they see is the United States and Japan. They don't see anything else. Actually, there are many models for developing



agricultural businesses. There are, for example, the models provided by the Netherlands, Australia, and Denmark. In the Netherlands, the farmers produce goods that support all of Europe. Why don't we think about producing goods to support Asia. Supplying things to China, Japan, and India alone would be sufficient. Neither India nor China has enough agricultural land. Because of their very large populations, they barely have enough land to live on. But we still have much fallow land that can be farmed.

[ATHIT] We are abandoning the agricultural sector and trying to become a NIC. But we lack the capabilities to do that.

[Narong] We are not even prepared for that. We don't have sufficient manpower, and it will take time to develop the necessary technology. We still have to import foreign technology. But the most important question is, Is it really necessary for us to become a large industrial country? We can't we become a mid-level industrial country? Why can't we combine agriculture with services, because we are already prepared with respect to agriculture and services. Why don't we choose that path? Why do we want to be like Japan and the United States? Isn't there another choice? Why don't we give other paths a chance?

[ATHIT] Is the National Economic and Social Development Council to blame for the fact that national development is following this path?

[Narong] Definitely. It's composed of people who studied in the United States. Also, it is under pressure from businessmen. That is, these ideas and policies benefit businessmen. With policies that benefit business, business has grown quickly. Thus, our rate of economic growth has reached 8.8-8.9 percent. Actually, the main thing is big business. Looking at different sectors, it can be seen that things have improved very little for poor people and workers. The income gap is very wide. [passage omitted]

[ATHIT] Are you saying that within the industrial sector, or outside the agricultural sector, there is a very wide income gap?

[Narong] There is a very wide gap. And as more and more workers enter this sector, those at the bottom of the industrial sector or services sector will get less and less. Because those who enter these sectors won't take away any of the share now belonging to those at the top. They will fight among themselves for the remaining portion. Take a factory with five workers, for example. And say that each person earns 4,000 baht. But when more and more people go to work there, the employer will fire those earning high salaries. For 4,000 baht, he can then hire two workers. He will have more workers, but he will still be paying a total of only 4,000 baht. This can be seen very clearly today. People say that our minimum wage of 135 baht is very high. You can hire two Burmese for that, that is, each will accept about 70 baht. Thus, those

earning high incomes will continue earning the same amount, but those at the bottom will have to accept a cut in their incomes.

[ATHIT] Unskilled laborers in low-tech industries will probably lose their jobs in the future, and little support is being given to the agricultural sector, because the importance attached to this sector has declined. Could this become a political problem similar to the demonstrations staged by farmers in Mexico?

[Narong] That's hard to say. It depends on the character of the Thai people. But what we can say is that the pressures in the rural areas are creating more social problems than in the past. During the past three or four years, there have been more demonstrations by people in rural areas than by people in urban areas. In the past, there were demonstrations by urban workers. But now, farmers are demonstrating.

[ATHIT] What effect will GATT and the World Trade Organization have on Thai agricultural products?

[Narong] They will definitely have an effect, because the agreement calls for opening up agriculture. This will affect rice. In the past, we prohibited the import of rice. But now, we will have to allow that. This will also affect soybeans. We are already importing soybeans, but in the future, we will have to allow soybeans in at a lower price, because we will have to lower tariffs. Other agricultural products that will be affected include corn and palm oil. In the past, we prohibited the import of these goods, or we set quotas or imposed high tariffs. But now that tariffs have been lowered, palm oil will be imported from Malaysia. Coffee, soybeans, and palm oil will be greatly affected. Our plans for producing those things ourselves will fail. Instead, they will all be imported.

The country that will benefit the most from opening up agriculture is the United States, because the United States is the largest exporter of agricultural goods in the world. We usually view the United States as an industrial country. But the fact is, they are the world's largest exporter of soybeans, coffee, and wheat. Some years, they even export large amounts of rice. [passage omitted]

[ATHIT] What affect will this have on Thai farmers?

[Narong] If Thai farmers do not make adjustments in time and the government does not have plans or the tools to provide help, this will have a great effect. Because under this agreement, the government cannot support or guarantee the price of agricultural goods or provide financial support. We have not prepared a foundation for the farmers. They won't be able to adjust in time. This is different from the business sector. If taxes are lowered and they are given an opening, they can make adjustments and shift some of the burden to the workers. But farmers can't do that. [passage omitted]

**\* Interior Minister Comments on Sin Song Case**

95SE0112E Bangkok SIAM RAT in Thai 14 Jan 95 p 3

[FBIS Translated Excerpt] Major General Sanan Khachonprasat, the minister of interior, said that he



doesn't know anything about the matter of General Sin Song, the leader of the rebellion in Cambodia, requesting to be released on bail. He has not discussed this matter with the minister of foreign affairs.

The minister of interior, who talked with reporters on 13 January, said that General Sin Song is now living in Thailand. He is safe and is being well taken care of. Thus, he hasn't requested bail. But if he does, that will be considered. "We don't want to keep him locked up. But he doesn't seem to want out."

The minister of interior said that the Ministry of Foreign Affairs is look for a third country in which Gen. Sin Song can obtain political asylum. If that is not possible, he will have to remain in Thailand.

Major General Sanan believes once the cabinet issues a resolution stating that Gen. Sin Song is a political prisoner, a third country will definitely allow him to take political asylum there. Vietnam would be willing to accept him, and Thailand is prepared to allow him to go there. Also, the United States might accept him, because Gen. Sin Song is a political prisoner. He did not actually kill anyone but only thought about that. [passage omitted]

#### \* Editorial on Buying of Police Positions

95SE0112B Bangkok MATICHON in Thai  
16 Jan 95 p 2

[FBIS Translated Excerpt] Police General Phot Bunyachinda, the director-general of the Police Department, frankly admitted that he has sent investigation teams to various areas to gather information concerning the buying of police positions. A secret report has been received, but it has been difficult to obtain evidence. There have been signs that people have been pulling strings and buying police positions in police regions 3 and 8. In Region 3, two police colonels claim that they can arrange for government officials to be promoted to inspector, deputy inspector, or superintendent for a fee ranging from 200,000 to 1 million baht.

Rumors about the purchase of police positions are nothing new. This is just one more in a long string of such reports even though the director-general of the Police Department has changed several times and even though there have been several changes of government. Each time there is a change, the new director-general states that resolute action will be taken to prevent people from buying police positions and that the system of making payments will be eliminated. But such statements have had little effect, because people continue to buy positions. The only thing that has changed is the method used to do this. Those involved have begun using more clever and secretive methods. Now that this is in the news, the cost of a position will certainly increase in line with the risks involved.

What cannot be denied is that in police circles, people pull strings and buy positions at all levels, from the

bottom to the top. People pull strings using various methods. This includes using fellow policemen, politicians, government officials, and the mass media. In some cases, people actually do buy positions, and in other cases, that is simply what is claimed. Little has been achieved in arresting those involved. One of the reasons for this is that those in police circles don't want to take action because this involves their friends. If an investigation is conducted, they might find out that friends are involved in this or that. Thus, the issue of taking action to stop this never goes beyond simply making threats. [passage omitted]

#### Chuan Urges Coalition Partners To Stay United

BK2702084395 Bangkok BANGKOK POST in English  
27 Feb 95 p 1, 3

[FBIS Transcribed Text] Trang—Prime Minister Chuan Likphai yesterday gave a veiled warning to his coalition partners, saying the Government's ability to complete its term hinges on their cooperation to carry out work and stay united.

"Many people have asked me whether the Government could survive and I tell them that it depends on unity in the coalition," the Premier said during his early morning speech in this southern province where the Democrat Party held a political rally that began Saturday evening and ended early yesterday.

His comments followed persistent sharp criticism from the Chat Phatthana and Phalang Tham parties of the Democrats' handling of the So-Po-Ko 4-01 land reform scandal.

Taking the stage at 0210 a.m., Mr. Chuan told his hometown audience that it was natural for coalition governments to have problems among the partners. In these conditions, a government could survive only when there was unity or understanding among its members.

Relationships among leaders of the current coalitional parties were good despite problems. He said he was satisfied with his administration's having lasted more than two years because it was not easy for all coalition members to have the same level of political maturity.

His administration might have had problems with partners leaving it during the last two years but it had done its best under the circumstances, he said.

The Social Action and New Aspiration Parties withdrew from the Government following conflicts with Mr. Chuan's Democrats. During his Government's two-year administration, one of his major political aims was to protect the democratic system from collapse.

"I have not considered how to make the Government survive for myself but how to make the democratic system survive," he said.

Mr. Chuan believes democracy has taken root in the country to the extent that no one should be able to topple



it again. He claims the Government has helped raise people's political awareness.

He said he had no right to complain about difficulties encountered in administering the country, noting he volunteered to do the job 26 years ago.

"There are many difficulties which are natural. One would not make any progress if one was afraid to move forward.

"I know that you are concerned for me and I take this an encouragement to continue my duty."

During his 40-minute speech, Mr. Chuan urged his constituents to strengthen democracy by not selling their votes.

The system could not survive if politicians who bought votes were allowed to run the country.

More local elections would be held nationwide soon as a result of the passage of local administrative bills calling for the election of local administrations.

But even with all these local elections, democracy could not survive and be strengthened if there was vote-buying, he said.

"Elections should be free and fair. They will be totally useless if politicians who have a lot of money can easily buy their seats."

Recalling when he first ran for a parliamentary seat in Trang in 1969, Mr. Chuan said he began his first political campaign in front of a sweet shop where only nine people listened to his speech.

"Twenty-six years later the number rose to 50,000-60,000 people. And Trang is the only province which has set a unique style by having political campaigns start at 5 p.m. and end around 5 a.m.," Mr. Chuan said.

His speech ended around 3 a.m.

An estimated 25,000-30,000 people including the Premier's 84-year-old mother Thuan Likphai joined the rally at the provincial sports stadium.

The Premier insisted the rally was held to raise money for an educational fund for poor children in Trang and announced that about 2 million baht was accrued.

He ruled out press reports which claimed the party held the rally to prepare for a dissolution of Parliament.

He said such reports only helped confuse the public about political developments.

Critics claimed the Democrats staged the rally in an effort to lift their sagging political image following the land reform scandal and to pave way for the next general election should Parliament be suddenly dissolved.

During the rally, which began about 6 p.m. on Saturday, Democrat MPs and Cabinet ministers took turn to speak on the achievements of the Democrat-led Government.

Most of them praised the personal achievements of Mr. Chuan as Prime Minister, citing his work to strengthen democracy, lift the status of Thailand in the international community and tackle poverty and distribution of power and income to the provinces.

They also told the crowd that he should remain premier for the next two years and after the next general election.

The rally ended at 03.40 a.m..

## Vietnam

### Commentary Reviews PRC Activities in Spratlys

OW2802160295 Hanoi Voice of Vietnam in Mandarin  
1200 GMT 28 Feb 95

[Commentary by International Department station editor; from the "Talk on International Current Events" program]

[FBIS Translated Text] The Philippines has again given a series of new evidence that China is stepping up activities in the Truong Sa Islands [Spratlys]. The public has expressed concern over China's activities. In this connection, an editor of this station's International Department comments:

In early February, the Philippines accused China of stepping up military activities on Van Khan Island, known internationally as Mischief Island, in the Truong Sa Islands. Over the past few days, Manila again pointed out that China has not only constructed strong steel military works on the island, but also captured some Philippine fishermen. The Philippine Government also released some photos in Manila, the capital, which showed four or five octagon-shaped buildings constructed on steel posts.

According to Filipino Defense Minister De Villa, the Chinese flag has been hoisted over these buildings while three large ships, five smaller ships, and some boats carrying Chinese flags were spotted in the surrounding seas. The Filipino defense minister further said that there were two kinds of Chinese ships: landing craft, each capable of carrying 200 people and equipped with 50-mm and 25-mm (?weapons); and submarine corvettes equipped with mines and helicopters.

Many Japanese newspapers also published articles analyzing the aforesaid Chinese activities. On 22 February, SANKEI SHIMBUN said that these military activities showed that China wanted to broaden its sphere of influence over waters surrounding the Truong Sa islands [words indistinct]. On 23 February, the U.S. CHRISTIAN SCIENCE MONITOR said that these Chinese activities were nothing less than acts of aggression.



All in all, the world public is very concerned with this question and is worried that it would cause tension in the region. That is why Indonesia issued a statement calling on countries concerned to solve the dispute through peaceful means. The deputy assistant to the U.S. secretary of state also proposed that this question be solved through peaceful negotiations and that the Manila agreement signed in 1992 be respected.

A spokesman for the Vietnamese Foreign Ministry has also reaffirmed Vietnam's sovereignty over the Truong Sa Islands; and has explained its stand on solving the dispute over the Truong Sa Islands by peaceful means and on opposing any act of expansion or aggression which can further complicate the situation and which runs counter to the trend of peace, stability, cooperation, and development in the region.

### **Economic Framework Accord Reached With EU**

#### **Commentary Reviews Ties**

*BK2802160395 Hanoi Voice of Vietnam in English  
1000 GMT 28 Feb 95*

[Station commentary]

[FBIS Transcribed Text] An EC delegation led by Mr. Gwyn Morgan, ambassador chief of the EC representation in Bangkok paid a visit to Vietnam from 26-29 [dates as heard] February to discuss new development toward the signing of a framework agreement on economic and trade cooperation between the EU and Vietnam. Here is our radio editor's opinion:

During the visit to Vietnam this time, the EC delegation will sign a framework agreement on EU-Vietnam cooperation. Both sides will also discuss the technical assistance program; consider the agreement on textile products, fishery activities of NGOs [non-governmental organizations], emergency relief, a tourism project, and the holding of a workshop on street children. In Hanoi the EC delegation have working sessions with the State Planning Committee, the Foreign Ministry, the Ministry of Labor, Invalids and Social Affairs, and the EC office in Vietnam.

Realities show that the relations between Vietnam and EU have been strengthened and developed, particularly since the two sides established official diplomatic relations in November 1990. Earlier, EU already gave Vietnam humanitarian aid. Since the end of 1990, the EU and Vietnam have exchanged many delegations. Worthy of note was that in July 1994, Vietnamese Prime Minister Vo Van Kiet visited the EU and an EU high-level delegation led by Mr. Hans van den Brock paid a visit to Vietnam.

Most recently, a Vietnamese high-level parliamentary delegation led by Chairman Nong Duc Manh paid a visit to the EU. This visit was an important landmark helping to promote mutual understanding and friendship and broaden EU assistance to Vietnam, one of its [words

indistinct] partners. These relations have effectively developed. It should be recalled that the EU has helped generate jobs and reintegrate Vietnamese returnees.

In 1991, the EU granted Vietnam about \$23 million and in 1993 about \$32 million. Worthy of note was that during the Gulf war, the EU granted Vietnam \$7 million to repatriate Vietnamese guest workers in Iraq. In 1992, Vietnam and the EU signed an agreement on the export of textile and garment products with 106 articles. The two sides have implemented this agreement since 1993. Two-way trade between Vietnam and the EU has been on the increase. The EU has committed to give Vietnam a development grant of about \$45 million.

Mr. Gwyn Morgan spoke to newsmen on March 11, 1994, that Vietnam-EU relations would truly be important and more effective after the signing of the cooperation agreement between the EU and Vietnam. This agreement will be an important step promoting the existing relations, first of all, the opening of an EU representative office in Hanoi, establishing interparliamentary relations, and developing EU cooperation with and assistance to Vietnam.

#### **EU Envoy Briefs Press**

*BK2802155795 Hanoi VNA in English 1458 GMT 28  
Feb 95*

[FBIS Transcribed Text] Hanoi VNA Feb. 28—The European Union and Vietnam have drafted a framework agreement on future cooperation and are expected to sign it in early May, Mr Gwyn Morgan, head delegate of the European Union told a press conference here today.

Mr. G. Morgan affirmed EU's continued efforts to assist the repatriation and reintegration of Vietnamese refugees from camps in other Southeast Asian countries.

The EU head delegate said the frame agreement would cover further cooperation in textile and garment, industries, agriculture, culture and education. He added that the EU had provided Vietnam with assistance in techniques and outlets and it would implement cooperation projects with Vietnam in such fields as energy, oil and gas, forestry and drug prevention.

The EU provided in the past three years USD [U.S. dollars] 8.5 million as aid to Vietnam's education and healthcare in addition to a budget of above USD 120 million for the programme for the integration of returnees, which has just ended, except credit activities in 21 cities and provinces in the country.

**\* Report on Urgency of Party Organization Work**  
*952E0054A Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 7, 8 Jan*

["Excerpts" published in two installments from Pham Van Hung's report: "Two Years of Implementing Central Committee Resolution 3—Basic and Urgent Issues for Building a Strong Party Organization"]



[7 Jan 95 p 2]

[FBIS Translated Text] (*Excerpts from the Ho Chi Minh City Municipal CPV [Communist Party of Vietnam] Committee's report read by Pham Van Hung, member of its Standing Committee and head of its Organization Department, at the conference to review two years of implementation of Central Committee Resolution 3, on 5 January 1995.*)

**1. About political and ideological work:**

a. Having thoroughly understood the primary need of the campaign for renovation and reorganization of the party in light of Central Committee Resolution 3, in the last two years, many party committee echelons did show a greater interest in their political and ideological educational work, which they considered one of the decisive factors contributing to the success of the campaign. In the campaign, a large number of cadres and party members showed a new change in their being willing to learn political theories and to study party resolutions so as to understand them better. Unlike in 1990 and 1991, when political theory courses had to be offered two or three times without getting the numbers of students required, in the past few years the numbers of students often exceeded those the courses were designed to accommodate. The number of party members taking part in the study of Central Committee Resolution 3 was nearly 100 percent, with the desire to advocate the political activities of the party and to take part in its activities getting stronger everyday.

The results obtained from the above-mentioned activities helped to raise the political perception of a large number of cadres and party members. The concern and indecision about the road to socialism and the ability to keep the road that had been chosen were by now basically resolved. About their perception, the great majority of cadres and party members now affirmed the road to socialism having the focus of "rich people, strong country, just and civilized society." The misunderstandings of associating democracy with pluralism and multiple parties were gradually dissipated by the fact that the "new system" in the countries of the former Soviet Union suffered from collapse, deeper and deeper crises, and failure. Virtually no party members rejected the role of the party because they felt that if the leadership role of the party in this country were eliminated, it would lead to chaos and the danger of a collapse of the system.

The realities of the achievements made in the renovation in the country as a whole and in the municipality in recent years made party members feel like they had more confidence, encouragement, and self-understanding as they accepted the party's line on renovation, and first of all the line on developing and operating the multicomponent commodity economy in accordance with the market mechanism and under the state management that followed the preset socialist direction. The market mechanism required and urged cadres and party members to actively study and to improve their knowledge and

working abilities. In the last few years there appeared many young, dynamic, and active managing cadres and entrepreneurs, who knew how to use foreign languages in their dealing and working. This was really a precious asset in the process of gradually bringing the country into a new period of development, the period that would push the country closer to industrialization and modernization.

About the awareness of disciplined organization, there was a rather obvious change. Many subward and village party members, who had neglected party activities because of the need to earn their living, now overcame their difficulties and maintained regular party organization activities; if they knew they would be absent from a particular activity, they asked for permission from the party committee echelons not to take part in it, or in the case of older and sick people, asked that they be allowed to attend no or fewer activities. As to qualities and morality, the old Central Committee Resolution 11 and this Resolution 3 both served to remind the majority of party members that they would have to maintain their qualities, personality, and way of living, and to urge many of them to actively fight against the negative aspects and corruption in the party and society and to respect and abide by the state laws, with much more progress being made than in the past.

Although the above-mentioned political awareness had the effect of setting a basic direction for party members to follow while shaping their action, they were not really sure as far as their action was concerned, and the level of their awareness was not enough to help them to remain strong and to persist under all circumstances and in all events. Many party committee echelons and party members did not fully perceive the fierce and complicated character of the party building task under the conditions of the party being in power and the economy being run in accordance with the market mechanism, for they did not as yet realize and distinguish the two different sides of this mechanism. In the campaign for renovation and reorganization of the party, quite a few party committee echelons did not as yet pay proper attention to building the party's political and ideological base and providing party members with education and training in political abilities and the worker class viewpoint.

The sense of vigilance toward the adversary forces' plot and "peaceful evolution" tricks did not as yet become a regular instinct on the part of many party members working in various economic, cultural, and other sectors. The combativeness and fighting spirit needed in the party's activities aimed at building its internal strength remained weak. Criticisms and self-criticisms were no longer the sharp weapons that had been used in party building. Corruption, being negative and bureaucratic, and making trouble for the people were common and serious in a number of sectors, units, and localities, but only a few party members did mention those weaknesses out of their self-understanding at the reviewing meetings.



The ideological work remained simple, shallow, and unfocused as it was not refined to satisfy the specific needs of party members and the masses. The leadership of the Municipal CPV Committee in the fields of the press, publication, culture, and the arts from time to time was far from strict and firm. Proper attention was not yet paid to education and training aimed at improving the qualities and morality of cadres and party members, particularly those cadres and party members who did economic work involving money from the sales of goods.

## 2. Reorganization

### a. Improving the basic party organization:

—Implementing the regulations set by the Secretariat and the guidelines issued by the Municipal CPV Committee in regard to the functions and tasks of various kinds of basic organizations, many party organizations in subwards, villages, businesses, and professional organs were able to draft the procedures for their operations and to affirm the leadership role and actual tasks of party organizations and party committees, as well as the relationships between party committees and chapter committees on the one hand and the administration, managing organs, and mass organizations on the other. In some localities, they were able to draft the operational procedures for chapter party organizations. The fact that the Municipal CPV Committee had issued (provisional) Decisions 83/ and 84/QD-TU on the functions, tasks, and organization of street and hamlet party chapters created favorable conditions for the party organizations and party members in these streets and hamlets to better consolidate and develop their leadership role and effectiveness. After the Secretariat had issued the regulations and the basic organizations had drafted the procedures, the operations of quite many basic party organizations in businesses and professional fields were improved.

—It was obvious that the party activities in many party bases were reorganized: Their periodic activities became more regular, with participation of more party members; a number of party bases paid attention to improving their work and discussed the issues that were more realistic and showed better quality (for instance, street and hamlet party chapters discussed such issues as fighting poverty, providing jobs, repairing houses, roads, sewers, utilities, and so on; party bases in businesses discussed production and business activities, the organization of their machinery, planning for cadres, and so on). A number of party bases, particularly those in subwards and hamlets, assigned work to all their party members and checked their work after each period of activities; a rather large number of party members who were retired cadres did accept such assignments as doing mass proselyting work and work in mass organizations, wards, and hamlets and for neighborhood teams and people's teams.

—By implementing Resolution 11 of the Municipal CPV Committee and the Central Committee Resolution 3 (2d step), very many party bases were able to resolve many cases and matters that had been pending for several years and to strengthen their internal solidarity; other party bases were able to improve their organization, to better the use of cadres, and to replace a number of secretaries or management cadres who had shown poor quality and declining abilities and prestige; and in some localities, they were able to achieve the planning for basic-level reserve cadres.

However, the political nuclear role and leadership effectiveness of many party bases, mostly those in the state enterprise group and in a number of professional organs and units having foreign investment, did not show themselves in any obvious manner. These party bases did not grasp the business and professional activities and production effectiveness; in spite of the fact that the Secretariat had issued many regulations, many of them remained confused in regard to setting a direction for their production and business task and cadres' work, and maintaining control over the managing organs. Some party members who were directors still did not fully understand and still had doubts about the responsibilities and powers of directors and party committees, mostly in the businesses where the abilities and prestige of party committees did not exceed (mostly were inferior to) those of directors. As a result, in these localities, even if procedures were successfully drafted, they remained just formal ones.

About party activities, although there was some progress as we mentioned earlier, in many localities, these activities remained poor and did not reflect the role of party bases as leaders, controllers, educators, and fighters. The fighting spirit of many party chapters was far from strong; criticisms and self-criticisms, and the struggle to strengthen their internal ranks were poor. Many party members, particularly those in business, adopted a sense of conciliation, were afraid of friction, and were reluctant to fight for fear of reprisals and the loss of their job. The young party members who had jobs in subwards and villages were often shy and seldom spoke their mind at meetings. There were very few cases of negative acts and corruption that had been uncovered by party chapters, party committees, and chapter committees, and had been denounced under their leadership.

The basic-level party committee echelons (including basic-level party committees, chapter committees, and component party organizations) did not operate in the same manner; particularly in the business group and in professional and administrative organs, the basic-level party committee echelons had to do a lot of work at the same time and thus devoted little time to party work (presently, in business the tendency of directors was to be secretaries at the same time). Some of these party committee echelons lacked enthusiasm and a sense of responsibility because they were reluctant to do party work and work for the masses; those who had just



become members did not have much experience in doing party work; many directives and resolutions which had been sent from the superior echelons failed to move anywhere after reaching the basic-level party committees and chapter committees. That was one of the main reasons why the efforts to consolidate and improve the party bases had to face many obstacles.

**b. Work for party members:**

—The number of party members of the municipal party organization was over 80,000, or 1.78 percent of the municipality's population, a low party-leadership percentage. The figure that represented the average age of party members was quite large—44.3. The party members who were retired and poor-health cadres accounted for 30 percent of the total number of party members.

Beside the positive aspects and progressive changes that we mentioned earlier, the party members as a group had to face the following problems:

—About structure, a number of sectors, units, and important localities had few or no party members, and no party chapters at all (they were those that were involved in foreign economic affairs, joint ventures with foreign countries, the nonstate economy, science and technology, literature and arts, education, public health, residential areas, the Chinese ethnic group, the religious community, and so on).

—The work of recruiting more party members recently was considered better than it had been in the 1990-1992 period, but it still did not satisfy the need for improving quality, recruiting younger party members, and improving the membership structure.

—The overall quality of party members was poor; in the face of the needs of the renovation and the challenges of the market mechanism, a segment of the party membership did not change itself quickly enough, had limited knowledge and abilities, and did not satisfy the need of the new task. A number of party members were unstable, showed declining fighting spirit and poorer quality and morality, pursued individualistic interests, were opportunistic and pragmatic, had the tendency to gather and enjoy material things, were after money, became depraved and spoiled, and so on.

Compared to the number of party members who had been disciplined during the 4th and 5th terms of the municipal party organization, the following facts were found:

—In the 1988-1991 term, various forms of disciplinary action were imposed on 3,952 party members, with 1,176 of them being expelled from the party.

—From January 1992 to December 1994, disciplinary action was taken against 3,227 party members, with 1,830 of them being expelled and have their names crossed out. So, as compared to the 4th term, the

number of party members who committed serious wrongdoings which led to their expulsion from the party in the first 3 years of the 5th term increased by 654.

**c. A number of other organizations:**

—About the organization of group party committees: The Municipal CPV Committee issued Provisional Regulation No. 103 on 2 December 1993 to define the functions, tasks, and organization of group party committees at a level higher than the basic level in the ministries and central sectors and in municipal departments, sectors, and services. A number of additional group party organizations have recently been organized in the staff organs of the Municipal CPV Committee and Municipal People's Committee, with the group party organizations and party bases subordinate to the Municipal CPV Committee being rearranged so as to link the party organizations with the department and sector organizations and to reduce the number of liaison bases subordinate to the Municipal CPV Committee (there currently remain 58 liaison bases subordinate to the Municipal CPV Committee consisting of 18 ward and district party organizations, 22 group party organizations subordinate to municipal services and sectors, 16 group party organizations subordinate to ministries and central sectors, and two subordinate bases). Compared to 1992 (75 liaison bases), the number of liaison bases decreased by 19.

However, there still were some group party organizations that were considered illogical: One ministry (Ministry of Communications and Transportation) had two group party organizations; some party organizations (as in the Foreign Economic Affairs Group) were made up of many basic units that were not subordinate to any state management installations; the central group party committees had no administration of equal level, a fact that was an obstacle for the coordination of work between group party committees and the leadership of the Hanoi-based ministries and central sectors. To overcome this obstacle, some localities drafted specific procedures, but other localities were confused as they did not know what to do in dealing with the leadership of ministries and superior management organs.

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[FBIS Translated Text] On the other hand, the sections in charge of party work of many group party organizations still were short of cadres. In some cases, they did not have capable cadres to hold the positions of secretaries and deputy secretaries of group party committees, or they did not have people to replace those secretaries who were too old or of poor health as in the cases of the ministries of Public Health, Heavy Industry, Light Industry, Communications and Transportation, and so on.

—About the departments of the Municipal CPV Committee: In the 2 years of 1993-1994, the Municipal



CPV Committee paid attention to getting more cadres for its departments and recommended the recruitment of a number of relatively young cadres and specialists to head some departments (the Internal Affairs, Mass Proselyting, Control, Ideological and Cultural Departments), but its departments generally still were short of leading cadres (chiefs and deputy chiefs). Many older cadres and specialists who had strong political and moral qualities and good experience in party and mass proselyting work had to be replaced one after another because of their retirement age. The research and staff-work capacity, knowledge, and abilities of a number of specialists remained poor. There were no plans for training young cadres and specialists for the departments; on the other hand, some well-qualified cadres did not want to work in the committee's departments.

—About organization of party groups and party workers committees: For a long time party groups had been organized in the elected organs (people's councils), mass organizations, Fatherland Front, and a number of other organizations. More recently we began to organize the Party Workers Committee in the Municipal People's Committee. But many party groups remained inactive and did not operate in accordance with their assigned function and task. The role of the Party Workers Committee of the Municipal People's Committee was not fully developed yet.

### 3. Work related to cadres:

a. About the work related to cadres, in 1989 the Standing Committee of the Municipal CPV Committee issued Directive 19/CT-TU on cadre projects. After Central Committee Resolution 3 had been issued, it reviewed the matter and recommended Plan 10/KH-TU calling for carrying out cadre projects by all sectors and echelons and stepping up the elementary and advanced training programs for cadres. We already increased the number of cadres and appointed more cadres for the municipality's committees, sectors, and services so as to help them to become more complete. So far, 18 ward and district party committees have reviewed their work and have begun to set up reserve cadre projects. The Municipal CPV Committee also held a meeting to review the implementation of Directive 44 CT/TU (5th term) on the work related to female cadres and to draft a plan of action for implementing the recent Secretariat's Directive 37/CT-TU on "Work Related to Female Cadres in the New Situation."

In light of the Central Committee Resolution 3; the midterm Conference of Delegates of party organizations of the municipality's wards, districts, and equivalent areas; the basic-level party congresses; and the organization of the machinery and the election of people's councils and people's committees at three levels, many party committee echelons have made progress in exerting more control over the cadres' ranks and have paid more attention to carrying out the projects on

training cadres (in all theoretical, political, cultural, and specialized fields), with the work related to cadres having actually realized fields), with the need of the municipality's political task.

However, the overall work related to cadres has not yet satisfied our immediate and long-term needs; the needs related to cadres are being raised in a very urgent manner. It is obvious that in many of the municipality's echelons and sectors there exists a shortage of cadres, particularly capable ones in charge of economic management, state management, foreign economic affairs, law enforcement, and so on.

These are the reasons behind this situation:

1. For a long time many party committee echelons had not paid attention to assuming leadership over cadre projects. Many sectors, organs, and units which had been complaining about being short of cadres did not actively set up cadre projects. In many localities, they relied on departments and sectors for cadre organization, instead of considering the work related to cadres a task that party committee echelons and chiefs would have to carry out.

2. Although in recent years the elementary and advanced training of cadres was actively stepped up, there has been no synchronized general training program or plan at all. Training has not yet been linked with planning, with cadres learning whatever they have thought they would need by their own initiative.

The curricula of elementary and advanced training and the ways to get trainees were not renewed quickly enough and thus brought about poor results.

3. The municipality does not have yet an economical, synchronized, and strategically lasting (until the year 2000 and later) cadre-work program aimed at actively building a body of cadres of all kinds (cadres being in charge of political leadership, state management, party and mass organization work, foreign economic affairs, and law enforcement; cadres of worker background, female cadres, ethnic Chinese cadres, and so on), who are both good communists and good specialists and will make important contributions to "making one step further toward industrializing and modernizing the country for the purpose of making the people rich, the country strong, and society just and civilized," as the recent Central Committee Resolution 7 puts it.

a. The Municipal CPV Committee and party committee echelons have not yet paid proper attention to the cadre management work, which consists of creating the sources of cadre supply, discovering young talent, monitoring the management of reserve cadres, and annually evaluating the working cadres for the purpose of using, placing, recommending, appointing, taking disciplinary action against them, and so on.

Although we have regulations on the division of work and authority levels in the management of cadres among party committee echelons, state management organs,



and superior and lower levels, these regulations are far from clear-cut and positive, and lack a tight and unified coordination.

b. As the policies on cadres still reflect many illogical points, they cannot create a good motivation to attract talented cadres. The policy on basic-level cadres, which is inappropriate, has therefore failed to motivate such cadres and has adversely affected the work aimed at strengthening the party bases, creating the sources of their supply, and training them from the basic level up.

In short, the work related to cadres has so far failed to draw the right attention of party committee echelons and has been renewed too slowly. The organization departments and committees of the party and administration at all levels did serve as staff to help the party committee echelons and administration to take care of this work, but their help has been weak, particularly when the sections in charge of cadres have not yet been strengthened and consolidated on a high-priority basis.

#### 4. Renovation of mode of party leadership:

- Following the 5th Municipal Party Organization Congress and particularly through the campaign for renovating and reorganizing the party in accordance with Central Committee Resolution 3, the Municipal CPV Committee has been able to draft the work procedures that could help to create synchronization and solidarity among the party, administration, and mass organizations at every level and in all sectors, organs, and units while aiming at ensuring democratic centralism, leadership by the collective, and intellectuals being in charge; underlining the leadership role of the party; and developing the managing function of the state. The work relationships now face less duplication, with the degree of encroachment on each other's authority being reduced. The relationships between party committee echelons and state management organs at all levels are now improved and much closer.

The Municipal CPV Committee and party committee echelons have paid more attention to going to the bases to study the situation and holding meetings to review the results of some major work and to draw experience from it; recently they have improved the act of issuing resolutions by recommending the drafting of plans of action both to materialize the Central Committee's resolutions and to propose realistic plans and measures, and lessening the issuing of too-generalized and duplicated resolutions. As they develop the implementation of resolutions, they now pay attention to detecting new problems and recommending and proposing solutions to the Central Committee.

We have just mentioned some initial improvement and progress. In reality, there still remain many problems and even confusing situations that need to be resolved:

—First of all, many party committee echelons, including the Municipal CPV Committee, still do not pay attention to renovating and improving the mode of leadership and work method to be adopted by party committee echelons and fail to keenly recognize the fact that the mode of leadership does closely affect the effectiveness of their leadership, the effectiveness of the administration's management and rule, the results of the mass organizations' work, and in general the synchronized character of the political system.

—In many localities the current procedures remain too generalized and are not yet put to positive use in order to highlight the degree and scope of the relationships based on the party assuming the leadership, the administration being in charge of management, and the people being the masters. As a result, some leading party committee echelons, in reality, have paid too much attention to discussing the economic and social issues, the work of the administration, and other matters that they had no time for control, study, review, direction-setting, and decisionmaking work and thus were unable to adopt important policies and measures, nor to define and lead some centrally crucial activities at different times. On the other hand, the party committee echelons in some other localities neglected their leadership role toward the administration and mass organizations, the work of which they failed to control as a result of their neglect.

#### Dac Lac Province Facing Electricity Shortage

BK2702145695 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 26 Feb 95

[FBIS Translated Text] Dac Lac is the only province that has not been linked to the national power grid. The province must rely on a supply of electricity from the 12,000 kilowatt Drei H'linh hydropower project. The Drei H'linh power plant, however, is only operating at two-thirds of its capacity. This is because the amount of rainfall during the dry season was 200 millimeters below last year's average and because heavy deforestation has reduced the number of water-retaining trees and caused the water level on the Stepok River reservoir to drop a little more than a meter compared to last year. That is why Dac Lac is facing a serious electricity shortage.

An estimated 15,000 hectares of coffee are in need of watering for the third time. Some 2,500 hectares of winter-spring rice have also been hit by drought. Ban Me Thuot city is currently rationing electricity. It is predicted that water resources will continue to decline in March, and by that time the hydroelectricity sector will only be able to produce 5,000 kilowatts.

The electricity shortage in Dac Lac will become even more acute because the weather remains hot, many areas are affected by drought, and the power line remains overloaded.



## Australia

### Official on Impact of Barings Failure on Markets

BK2802064695 Hong Kong AFP in English 0624 GMT  
28 Feb 95

[Report by David Williams]

[FBIS Transcribed Text] Sydney, Feb 28 (AFP)—The collapse of British merchant bank Barings may hinder rapid growth in Asian derivatives markets, Les Hoskings, chief executive of the Sydney Futures Exchange, warned Tuesday.

Managers of the complex multi-billion dollar trades may turn cautious following the incident, said Hoskings.

Rogue derivatives trader Nick Leeson sent Barings broke by losing more than an estimated one billion US dollars through the Osaka and Singapore futures exchanges.

"I think certainly an incident like this is going to be a setback for growth because it must impart a level of conservatism among people using derivatives markets," Hoskings told AFP.

"I don't know how long that will take to wash out of the system but there is no denying there will be some slowdown."

Volumes on the Singapore International Monetary Exchange (SIMEX) grew by 59 percent last year to 24.06 million contracts while Hong Kong's futures market soared 78.1 percent to 4.79 million contracts.

Hoskings estimated the Sydney exchange had a daily turnover worth 50 billion Australian dollars (37 billion US).

The unregulated over-the-counter derivatives market would be worth about the same, he said, but it was mainly concerned with less risky transactions such as swaps agreed between two parties.

A derivative is synthetic instrument whose value is based on an underlying security like a bond or share.

They were originally used to protect companies from market swings but have grown into a complex multi-billion dollar market for speculators who can theoretically risk massive amounts of money with little outlay.

Hoskings said the Sydney Futures Exchange was confident of its regulations but wanted to know what the Singapore and Osaka exchanges had been told about the rogue Barings deals.

"That is what we would like to know when all of this is washed up, we would like to know what was being disclosed to the Singapore and Osaka exchanges," he said.

"I think all it is indicating to us is that we have adequate procedures in place but ... the major blame is squarely in the hands of the Barings management and their inability to control an individual's trading activities."

The futures exchange chief said Sydney imposed strict, non-discretionary limits which prevented members holding positions of any substance unless they had the necessary liquid assets behind them.

Hoskings said the Sydney Futures Exchange had also tightened checks after a 1988 incident in New Zealand when an individual traded a "very large position" for himself, falsely claiming he acted on behalf of a British trading house.

While Hoskings talked with managing directors, the exchange's compliance officers would simultaneously deal with the "regular back-room staff" to ensure that management knew the positions their institutions held.

"Having said all that, we just do not know how cleverly the position had been concealed in some fraudulent way," Hoskings said of the Barings collapse, adding that he had the highest regard for Singaporean authorities.

"I don't know how this happened so I cannot comment but I would be surprised if anything has been missed by the Singapore exchange."

Australian Treasurer Ralph Willis said the central Reserve Bank of Australia would receive a report from the Bank of England on the Barings collapse and evaluate arrangements in the light of that analysis.

"Various regulatory bodies are addressing this issue with substantial vigour," he said.

"What the banks and other regulatory bodies are concerned to do is to ensure that the risks taken are prudent risks ... the regulators are moving to tighten requirements.

Willis noted that Barings had a presence in Australia through its 50 percent holding in Baring Brothers Burrows and Co. Ltd. and a 19 percent stake in stockbroker McIntosh Securities Ltd.

"So far as we can gather that failure of Barings is not likely to have any significant direct implications for Australia," he said, adding that if the stakes were sold it would not have a big impact on either body.

The Australian Securities Commission said Monday it was concerned about the lack of any explicit financial reporting requirements in Australia about derivatives for bodies other than banks.

"As a consequence, there may be corporations with significant derivatives exposure which is not properly disclosed and the market not fully informed," it warned.



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